



Daily Report

China

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General

Delegate to UN Supports Palestinian Rights

OW1711163188 Beijing XINHUA in English
1608 GMT 17 Nov 88

[Text] United Nations, November 17, (XINHUA)—China expressed firm support today for the just struggle of the Palestinian and other Arab peoples in recovering their land and regaining their national rights.

Chinese delegate Wang Shijie made this statement this [words indistinct] committee during its deliberations on Israeli practices affecting the human rights of the population in the occupied territories.

China is strongly opposed to Israel's policy of expansion and occupation and its violations of Palestinian human rights, he said.

Commenting on the "independence declaration" just adopted by the 19th Special Session of the Palestine National Council, he noted that "this is the historical option made by the Palestinian people," and that the positive steps taken at the meeting will contribute to the promotion of the Middle East peace process.

He urged the Israeli Government to recognize reality, go along with the historical trend, abandon its erroneous policy and restore the legitimate rights of the Palestinian and other Arab peoples.

He praised "the largest, longest and the most extensive" popular uprising waged by the Palestinian people in the West Bank and Gaza since Israeli occupation.

He reiterated the demand voiced by the international community that the Israeli authorities put an immediate end to their policy and practices of suppression against Palestinian civilians and withdraw from all the Arab territories they have occupied since 1967.

Cooperation in Aid to Developing Nations Stressed

OW1211005088 Beijing XINHUA in English
1850 GMT 9 Nov 88

[Text] United Nations, November 9 (XINHUA)—Strengthening international economic cooperation for the development of developing countries should be the aim of the international development strategy for the 1990s, a senior Chinese diplomat said here today.

Speaking at the Second Committee of the General Assembly on the international development strategy for the 1990s, Wang Baoliu, a minister in the Chinese Permanent Mission to the U.N., said that since the beginning of the 1980s, the economic interdependence among nations has grown stronger and the international

community has been confronted with problems of a global nature in many fields, hence a more urgent need for international cooperation and coordination.

Meanwhile, Wang said, the imbalances in the development of world economy have become increasingly striking. The economies of developing countries, in particular, have as a whole suffered serious setbacks and many of them have experienced stagnation in their development process, thus finding themselves in an even more disadvantageous position in international economic relations.

It has, therefore, become an urgent issue of major significance before the international community to find ways and means to strengthen international cooperation so that the economic recovery and development of developing countries can be achieved in the 1990s and the world economy as a whole can develop smoothly into the 21st century.

Wang recalled that the developing countries, while undertaking arduous adjustments, have made useful efforts over the last few years to explore paths of development suited to their own conditions.

He stressed that only when cooperation in areas of vital importance to developing countries has made substantive headway, can developing countries possibly attain their economic and social development objectives and achieve sustained and stable development.

Japan To Expand Role in World Affairs

OW1411072088 Beijing XINHUA in English
1327 GMT 11 Nov 88

[Text] Tokyo, November 11 (XINHUA)—Japan, backed by its expanding economic power, today voiced its determination to "bear a greater responsibility and play a more active role as a main actor in maintaining and promoting international order."

An annual diplomatic blue book, approved at a cabinet meeting today, said Japan, which accounts for well over 10 percent of the world's gross national product, is coming to play an increasingly important role in the international community.

The 493-page report, which outlines international developments and Japan's foreign policy between April 1987 and July 1988, suggests that Japan make every effort to realize Japanese "contributing to a better world."

The blue book said, "Japan should not simply seek to expand its cooperation within the traditional framework, but should participate creatively in the various international efforts" in seeking to contribute to international peace and prosperity.

The three pillars of Japan's international cooperation, it said, are cooperating for peace, enhancing development aid and promoting international cultural exchanges.

The blue book said that although Japan-U.S. relations are "the cornerstone of Japanese foreign policy," strengthening relations with Europe should also be given high priority to balance the trilateral relations among Japan, the United States and Europe.

It also reiterated that Japan, as an Asia-Pacific nation, "must work to strengthen relations with other Asian Pacific countries and to contribute to peace and prosperity in the region."

On relations with China, the blue book restated that Japan will continue to live up to [words indistinct] Sino-Japanese statements and to seek development of stable and long-term bilateral ties as one of the main pillars of its foreign policy.

Referring to Japan's relations with the Soviet Union, it stressed the need to expand and strengthen dialogue between Tokyo and Moscow in an effort to improve bilateral ties strained over territorial disputes.

As for East-West relations, the blue book stated there have been no signs of change in the fundamentally adverse structure of East-West ties despite new moves toward a more stable relationship.

"Attention should be paid to the reality that the antagonism between the East and West basically continues and tensions still remain," it said.

'News Analysis' on Gorbachev Visit to India
OW1711075788 Beijing XINHUA in English
0220 GMT 17 Nov 88

["News Analysis: Gorbachev's Visit To Further Ties With India (by Wang Xianju)"]—XINHUA headline]

[Text] Moscow, November 17 (XINHUA)—Only two years after his first visit to India, Soviet leader Mikhail Gorbachev is about to return to the country next Friday with the emphasis on improving Moscow's ties with New Delhi.

During the three - day visit there will be four rounds of talks with Indian leaders on a wide range of issues, including disarmament, Afghanistan, the Indian Ocean, the Iran - Iraq conflict, Kampuchea, Soviet - Sino ties, Indian - Sino ties and Asian and Oceania cooperation.

Bilateral relations, especially the expansion of trade and economic cooperation between India and the Soviet Union, will be a major topic of discussion.

Inevitably, with the approach of the deadline set by the Geneva agreement for the Soviet withdrawal of troops from Afghanistan, the Afghan issue is likely to be high on the agenda.

According to an Indian source here, Gorbachev will brief Indian leaders on some proposals including a recent one on seeking support and cooperation from India made by Gorbachev in Krasnoyarsk in Soviet Eastern Siberia last September.

During the visit, both sides are expected to sign a series of agreements ranging from nuclear industrial cooperation to agricultural and fisheries cooperation.

Under these agreements, the Soviet Union will help India build four nuclear power stations and eight other conventional power plants, as well as an irrigation network.

The agreements envisage a trade volume increase from 4 billion U.S. dollars this year to 5 billion U.S. dollars in 1991.

The Soviet supply of oil for India will be accompanied by an increase in exports of machine equipment to India; while India in turn will export to the Soviet Union its tea and tobacco and light industrial products such as textiles and computers.

The peaceful coexistence of the last forty years between the Soviet Union and India, according to some Soviet scholars, has seen three stages. The establishment of diplomatic relations in April of 1947 marked the beginning of the first stage, then the signing of the peace, friendship and cooperation treaty in August of 1971 began a second stage, and the third stage began with "the New Delhi declaration" concerning "ten principles of establishing a nuclear - free and non - violent world" signed during Gorbachev's first visit in November of 1986.

In the past two years, Moscow has readjusted its policies towards Asia and Oceania, acting more positively and flexibly than before.

As a big power in Asia and a founder of the Nonaligned Movement, India is a strategic country which has attracted great attention from the Soviets.

New Delhi has maintained that Soviet troops should pull out of Afghanistan and Afghanistan should become an independent and nonaligned country. India has supported the "national reconciliation policy" put forth by the Kabul regime and appears to feel uneasy about a possible takeover by guerrillas in Afghanistan.

In the past two years, the Soviet Union and India have had identical views on international issues, especially disarmament and regional conflicts, and their cooperation in political, economic, cultural and military fields has also been closer.

It is worth noting that Moscow has offered New Delhi MiG - 29 fighters, submarines and other military equipment in an effort to exert its military influence in the Indian Ocean.

The friendly atmosphere between the two countries has been such that a joint one - year cultural festival was held in both countries, with the Soviet Union alone sending about 3,000 Soviet artists to tour 150 cities in India.

Gorbachev will attend the closing ceremony of the festival during his three - day visit to the subcontinent.

'News Analysis' Previews Thatcher's U.S. Visit
OW1411091888 Beijing XINHUA in English
0645 GMT 14 Nov 88

["News Analysis: Thatcher's 14th Trip to Washington (by Xue Yongxing)"]—XINHUA headline]

[Text] London, November 14 (XINHUA)—British Prime Minister Margaret Thatcher flies to Washington tomorrow for a three-day official visit aimed at carrying on the Anglo-American "special relationship" with the incoming U.S. administration.

The visit, at the invitation of U.S. President Ronald Reagan when he stopped over in London after the Moscow summit with Soviet leader Mikhail Gorbachev in May, is seen as an opportunity for a final official meeting between Thatcher and Reagan, their 20th during eight years of Reagan's Presidency, and an opportunity to meet President-elect George Bush.

This is the prime minister's 14th trip to the United States and she is believed to be the first foreign leader to talk with Bush after the U.S. presidential election.

Many observers here believe that it will have important bearings on Anglo-American ties, U.S.-West European relationship and that between East-West.

Thatcher herself has attached great importance to the U.S. election as well as her visit. After staying up until 5.15 am watching the results and an hour's doze, she was the first Western leader to offer her "warmest congratulations" to Bush last Wednesday [9 November].

Speaking to reporters outside No. 10 Downing Street that morning, she stressed that she would like to see the "special relationship" between Britain and the United States continue.

"We are staunch allies with the United States. It was particularly so during President Reagan's time because I knew him before he was President and he knew me before I was prime minister. We have similar views and similar policies. That, too, is true of George Bush. He is part of the American success under President Reagan," she said.

For decades, Britain and the U.S. have had the so-called "special relationship." British foreign policy has traditionally been based on footing in Europe and allying with the United States. Britain, under Mrs. Thatcher, has particularly remained "a staunch and loyal ally" to Washington.

The British prime minister has time and again pointed out that Britain's membership of the European Community (EC) does not affect the special Anglo-American relationship and will by no means weaken the friendship between the two countries.

The conservative government has made Europe its foreign policy priority, emphasizing that British interest lies in Europe and it is in favour of increased cooperation within the 12-nation community and the seven-nation West European Union.

At the same time, by taking advantage of its relations with Washington, London offered to act as a bridge between the United States and Western Europe. It has urged other EC countries to support the United States, helped to coordinate their stand and narrow their differences on a number of major issues.

On the other hand, thanks to her "close personal relationships" with both Reagan and Gorbachev, Mrs. Thatcher has played an "unique role" in the superpower games by acting as a "go-between" and a "messenger" between Washington and Moscow. This has helped to boost Britain's international prestige and Mrs. Thatcher's position in the Western world.

British Government sources said among the subjects likely to be raised during her talks with Bush are East-West relations, U.S. forces in Europe, the future of the U.S. Strategic Defense Initiative, the Middle East, trade protectionism, the U.S. trade deficit as well as bilateral relations.

Mrs. Thatcher might propose a special summit of NATO leaders in London next June. She wants the summit so that Bush can meet the NATO leaders and agree to a common strategy for East-West relations and arms control before meeting Gorbachev.

She will stress the need for NATO to press ahead with plans to modernize short-range nuclear weapons following the U.S.-Soviet treaty to scrap all land-based intermediate-range nuclear missiles.

The prime minister will also stress the need to strike a right balance between "encouraging reform" in the Soviet Union and Eastern Europe and avoiding "a gadarene rush to dole out goodies," according to one of her aides.

Mrs. Thatcher has made it clear that Britain will oppose any move to subsidize Gorbachev's campaign of "perestroika" by way of a new-style Marshall Aid Plan proposed by some European leaders.

It is true that despite differences on certain issues because of their own interest, the British conservative government and the U.S. Republican administration have "similar views and similar policies" on major international issues and there seems to be no "outstanding issues" between the two countries at the moment.

Last week, Mrs. Thatcher told THE TIMES OF LONDON that the only "fundamental difference" between her government and the U.S. administration was on the U.S. budget deficit.

Diplomats here said that Mrs. Thatcher is expected to stress in her talks with Bush the dangers the huge U.S. budget deficit might pose for the world economy and trading system unless it is promptly tackled by the new administration and congress.

Britain has made it clear on more than one occasion that Washington must reduce the deficit, currently running at some 170 billion U.S. dollars and which is coupled with a trade deficit of 11 billion a month.

In addition, the British prime minister is also likely to urge the new administration to take urgent action on convening a Middle East international peace conference. She will try to tell Bush to get the Middle East "on the front burner," a British official said.

Mrs. Thatcher said that she hoped that Washington will "strain every muscle, every effort, to try to sort out the difference between Israel and their Arab neighbours and the legitimate aspirations of the Palestinian people."

XINHUA Analyzes Anglo-Iranian Detente
OW1411015188 Beijing XINHUA in English
1453 GMT 11 Nov 88

[News Analysis: Restoration of Full Anglo-Iranian Ties Accords With Each Other's Interests (by Xue Yongxing)—XINHUA headline]

[Text] London, November 11 (XINHUA)—Britain and Iran agreed in Vienna Thursday [10 November] to restore full diplomatic relations and put 8 years of hostility and bitterness behind them.

An announcement released in Vienna said that the two countries "have decided to resume full diplomatic representation with immediate effect based on reciprocity, mutual respect, and noninterference in each other's affairs."

Under a confidential seven-point "Memorandum of Understanding," Britain will send an interim charge d'affaires to Tehran in the coming weeks.

There will be a rapid build-up of British staff to about 7 before a ceiling of 16 diplomats on both sides is reached.

The two countries are expected to exchange ambassadors within 6 months if all goes smoothly.

The restoration of full diplomatic ties between London and Tehran is generally seen here as in the interests of both countries and as a long-expected result of many rounds of negotiations in London, Geneva, and Vienna.

Britain has been the only European country without permanent representation in Iran and is anxious to take advantage of the vast trading opportunities which have opened up as Iran and Iraq have started to reconstruct following the ceasefire in the Gulf War in August.

In September, more than 20 British companies participated in a Tehran Trade Fair at a short-notice invitation by the Iranians.

Britain's exports to Iran were reportedly worth 300 million pounds (about 540 million U.S. dollars) in 1987, despite strained relations between the two countries.

After Thursday's announcement, British Airways said that it hoped to resume flights to Tehran next month.

A "GUARDIAN" newspaper report said that although the Anglo-Iranian agreement does not involve the reopening of Iran's arms purchasing mission in London, which was ordered to close down last year, Britain's embargo on arms sale to Iran, and also to Iraq, is likely to be reviewed in the light of improved relations with Tehran and also in the wake of the ceasefire in the Gulf War.

For its part, Iran has been improving its relations with the West and with the Gulf states which supported Iraq during the Gulf War.

The Iranian Government has recently restored diplomatic ties with France, Canada, and Kuwait. There have also been regular reports of unofficial contacts between Iranian and U.S. Envoys, many of them in Vienna.

Senior Iranian officials have been touring the Arab countries of the Gulf, and hopes have been expressed in Tehran of better relations with Saudi Arabia.

A significant concern for post-war Iran is to see an improvement in the oil price, so that it can finance the huge rebuilding programme necessary to repair the damage of 8 years of war with Iraq.

Britain closed its embassy in Tehran in 1980 after a brief occupation of the compound in the wake of the seizure of 52 American diplomats there and handed representation to Sweden as 'the protecting power,' but with British diplomats manning the British Interests Section of the Swedish Embassy.

Relations dipped to a virtually frozen point since June last year when each side reduced their representation to a single diplomat after an Iranian diplomat in Britain was detained for shoplifting and a British diplomat was beaten up in retaliation in Tehran. Since then, Iran has kept a charge d'affaires in London but Britain withdrew all its diplomats from Tehran.

The main triggers for the thaw in Anglo-Iranian relations were an agreement reached in June this year on mutual compensation of damage suffered by their respective embassies in Tehran and London and the Iran-Iraq ceasefire in August.

It is also hoped that the warming of bilateral relations will help speed the release of two British businessmen held on spy charges in Iran, and the three British hostages in Lebanon held by pro-Iranian groups.

In an interview in Geneva this week, Iranian Foreign Minister 'Ali Akbar Velayati said that Iran would continue efforts to obtain the release of hostages held by pro-Iranian groups in Lebanon.

However, British Foreign Secretary Sir Geoffrey Howe cautioned against raised expectations.

"There is no deal, or bargain, or secret agenda," he told BBC radio on Thursday. But he added: "What this means of course is we shall be able to press more effectively the case at every opportunity for the Iranians to use all the influence they have got to secure the release of hostages."

Arms Dealers 'Disappointed' With Chinese Market
OW1711125988 Tokyo KYODO in English 1210 GMT 17 Nov 88

[Text] Beijing, Nov. 17 KYODO—Western arms suppliers who only two years ago hoped China's military modernization program would lead to an export bonanza now say they are disappointed with the Chinese market.

Representatives and observers of Western companies attending the Asiandex 88 Military Exhibition in Beijing this week say they expect few sales will result from the show.

Many of the Western companies who attended China's first arms show held in 1986 have not turned up for this year's exhibition, say those who have come.

Only a handful of American companies are at the exhibition this year, and even the stronger European presence is down on two years ago.

"For many companies it is not worth paying the cost of attending when they know there is little chance of any major contracts," said one Western observer.

Companies at the show cite China's severe shortage of foreign exchange and the restricted military budget as the main reasons for the lack of major purchase orders.

The People's Liberation Army (PLA) is believed to have an enormous requirement for modern equipment to replace its aging weapons, often based on Soviet models of the 1950s and 1960s, but the Chinese Government has given the military low priority in budget allocations.

The PLA has even been forced into manufacturing and trading televisions and motorcycles to boost its finances.

According to Western arms specialists, financial difficulties are not the only ones facing companies trying to sell military goods in China. Some cite China's difficulty in absorbing advanced Western technology, uncertain planning and even extreme secretiveness as major obstacles to be overcome.

According to one European supplier who requested anonymity, the Chinese buyers often do not fully understand the equipment they buy and are frequently plagued with operational difficulties after the equipment has been installed despite its having proved effective with other users.

Sales to China require larger than usual backup in advice and spares, and uncertain planning procedures can disrupt and delay projects, he said.

In one extreme case Britain's Rolls-Royce sold its Spey engines to China in 1975 to power the planned B-7 ground-attack aircraft, only to see the project cancelled even though the engines had already been purchased.

The project was revived again in the 1980s and the aircraft is now due to fly for the first time this month.

One company which sold naval electronics to China says the equipment is still sitting in the dock one year after delivery because the ships in which it is to be installed have not been finished.

The manufacturers also say their job is made more difficult by the extreme secrecy which surrounds China's military.

The naval electronics exporter said that in other countries the manufacturer will normally know what technology his equipment will be matched with, but in China this is often not revealed, making it difficult for the seller to guarantee the equipment will work properly after installation.

The difficulty of penetrating the Chinese market and the small rewards mean that fewer defense manufacturers will make a major effort to sell to China, said one defense industry observer.

Many will maintain a minimal presence and hope for better times in the future, he said.

United States & Canada

'News Analysis' of U.S. Federal Deficit
OW1811094988 Beijing XINHUA in English
0828 GMT 18 Nov 88

["News Analysis: Bush's Inherited Headache Proves To Be Real and Menacing" (by Zhao Zijian)—XINHUA headline]

[Text] Washington, November 17 (XINHUA)—Developments in financial markets worldwide have shown the need to attack the U.S. federal deficit to avoid an early return of worldwide recession.

The U.S. dollar fell from a record post-war high of 3.47 West German marks in February 1985 to 1.7166 marks yesterday and to 122.2 yen, almost a 40-year low, hours after the U.S. Commerce Department reported reduction of U.S. merchandise trade deficit from 12.27 billion dollars to 10.46 billion in September. U.S. stock prices also fell as the bellwether Dow Jones industrial average dropped by 39.59 points.

What happened is the prospect that the incoming Bush administration will be ineffective on the budget deficit because the president-elect has vowed never to raise taxes.

When the financial market "read his lips," the selling of the dollar became inevitable as all agreed that without doing something to reduce the deficit, there will be no real improvement in America's competitive position and the huge deficit can only keep growing with a depressed dollar.

This argument had been backed up by a Federal Reserve report prior to the latest dollar plunge that U.S. factory capacity reached 84 percent last month, the highest level since early 1980. It will thus be very difficult for the U.S. to further expand its exports.

A foreign currency trader from Chase Manhattan Bank said that "we (traders) are going to continue to sell the dollar until the central banks tell us we can't." Only coordinated intervention by central banks of major industrial countries can stop the dollar's decline.

The world financial market was quiet during the U.S. election, because traders know that the Reagan administration could not act on the deficit, but would do its utmost to support the stability of the dollar to ensure a Republican win.

However, the moment George Bush won, the markets thought the time had come to see changes.

When Bush vowed not to raise taxes, pitting his administration against the 101st Congress controlled by the Democrats, the market saw trouble.

Remarks by U.S. Federal Reserve Board Chairman Alan Greenspan added fuel to the fire. Greenspan, much respected for his handling of the October 1987 stock market meltdown, testified at the first post-election meeting of the national economic commission that the need to cut the federal budget deficit "is becoming more urgent.... How it is done is far less relevant than that it be done."

He explained that factors that "muted" the deficit's impact in recent years "are changing rapidly."

"It has become increasingly clear that reliance on foreign sources of funds is not possible or desirable over extended periods," Greenspan said, confirming the market's fear as to the U.S. central bank's next move if no reduction is achieved.

Fred Bergsten, director of the Washington-based Institute for International Economics, explained that Japanese purchase of U.S. debts is nearing the scheduled ceiling. The U.S. Treasury has to reduce its debt prices, and the Federal Reserve raise interest rates to attract foreign money, he said.

Any rise of interests will depress the stock market, and have other harmful effects on the U.S. and world economy.

Can Bush compromise with the Congress on the budget issue? Will he raise revenue to support the fiscal 1990 budget deficit ceiling set by the Gramm-Rudman-Hollings law? These are the questions raised by the markets.

U.S. business leaders are now adding to the pressure. "If foreign nations see us going into a new administration that again shows no concept of a plan for how to deal with the deficit, I think that could do some very real and lasting harm," Donald Peterson, chairman of Ford Motor Co., said.

Willard C. Butcher, chairman of the Chase Manhattan Corp., warned last night that "like an unpleasant house guest, the U.S. budget deficit has been around so long, we're starting to treat it like family. Our elected officials have been too tolerant to show it the door. It's time we did, because the deficit is correctly perceived as a serious problem."

Any compromise entails spending cuts, additional revenue, and leadership, Butcher said.

The prospect is not totally hopeless. Bush is widely regarded as pragmatic and his top aid, James Baker III, is seen as an effective economic policy maker. The latest market reaction may speed up Bush's coming meeting with congressional leaders to work out a viable package for federal budget deficit reduction.

Even so, traders believe that gradual decline of the dollar is inevitable over the long run, possibly to 110-115 yen and 1.55 marks a year from now, as Robert Defina of the Security Pacific Bank has forecast.

Yang Shangkun Meets U.S. Shipping Executive
OW1811024188 Beijing XINHUA Domestic Service
in Chinese 0826 GMT 12 Nov 88

[Text] Beijing, 12 Nov (XINHUA)—Yang Shangkun, president of the People's Republic of China, met with Zhao Xicheng, chairman of the board of directors and concurrently president of the U.S. Fumao Groups, and his wife at the Great Hall of the People today. Both are U.S. nationals of Chinese extraction.

Mr and Mrs Zhao Xicheng have come to visit China at the invitation of China State Shipbuilding Corporation. During their visit, they will leave for Dalian, Chongqing, Shanghai and other places to visit China's shipyards and hold shipping trade talks with the China State Shipbuilding Corporation.

President Yang Shangkun and Mr Zhao Xicheng had a cordial conversation on questions of common interests for nearly an hour. Present at the meeting were Hu Chuanzui, president of the China State Shipbuilding Corporation, and responsible persons concerned of the State Council's Taiwan Affairs Office, the Ministry of Foreign Affairs, and the United Front Work Department.

Soviet Union

Soviet Science Exhibition Director Interviewed
OW1711115388 Beijing in Russian to the USSR
1900 GMT 16 Nov 88

[Interview of Vladimir Mazurkov, director, "USSR Science and Technology" exhibition, on 15 November in Beijing by unnamed station correspondent—recorded]

[Text] [Correspondent] Esteemed listeners: The USSR Science and Technology exhibition is currently being very well received in Beijing. We met Comrade Vladimir

Mazurkov, director of the exhibition, at the exhibition pavilion. He is now at our microphone. Hello, Vladimir Vitalyevich. Please tell us about the most important achievements of your exhibition.

[Mazurkov] The most important and outstanding achievement of our exhibition is, first of all, that after a long interval of almost 30 years, Days of USSR Science and Technology opened in Beijing. The exhibition "USSR Science and Technology" has become an important and significant event these days.

Today is an extraordinary day. The exhibition was visited by the 100,000th Chinese specialist, and we honored him at our exposition. This attests to the great interest in our country's science and technology. A significant exhibition feature is that we have not merely demonstrated projects developed by Soviet scientists, engineers, and designers and the experience gained by our country's leading enterprises and organizations, but we also held various industry days at the exhibition. Our leading scientists have been speaking to audiences of Chinese specialists, sharing their experiences, holding interesting discussions, and, most importantly, discussing major trends of science and technology.

Scientists and specialists have visited a number of Chinese provinces, educational establishments, research and development institutes, and industrial enterprises. It should be noted that Chinese specialists have been joining discussions and listening to lectures and speeches by Soviet scientists with tremendous and profound interest. The exhibition is so popular in Beijing that people of all ages and professions from Beijing and the provinces have been coming to get acquainted with the achievements of Soviet science and technology.

[Correspondent] Vladimir Vitalyevich: Perhaps you have already had contacts with Chinese scientific and technical circles. Would you mind giving us your comments on China's reform of its scientific and technical system.

[Mazurkov] You know, Comrade Li Peng's visit to our exhibition was a most unusual and significant event for us, and I ought to say that after he viewed our exposition, he briefed us on the economic reforms that are now being implemented in the PRC. Our specialists and Comrade Boris Leontyevich Tolstykh, head of our governmental delegation and deputy chairman of the USSR Council of Ministers, and other members of the governmental delegation listened with tremendous satisfaction to the outline of the trends and stages of economic reform. I think that some of these will be of interest to our specialists, economists, and scientists. Indeed, we have a tremendous interest in the positive events that are taking place in the PRC. I would also like to note that when we visited enterprises and organizations and were getting acquainted with PRC sectors such as the public catering and trade industry, we witnessed this economic reform in action and the good mood of the Chinese

working class, which shows that this is the correct way to solve the important social tasks that are presently being resolved by the government for the good of the Chinese people.

[Correspondent] In conclusion, we would like to ask you, esteemed comrade director, to make use of this opportunity to tell your relatives in the Soviet Union of your work in Beijing.

[Mazurkov] The exhibition, as I emphasized in the beginning, is the most important event of the Days of Soviet Science and Technology. The achievements demonstrated here, the preparations for the exhibition, and the holding of Days of Soviet Science and Technology have been taking place with the active participation of our Chinese comrades. We felt their warmth and keen interest in solving the main tasks literally during the entire period of our visit to China. With great satisfaction, I would like to express my sincere gratitude to the organizers of our exhibition: first of all, to the Science and Technology Commission, the Center for Scientific and Technological Exchange, and all my colleagues for—as they say—allowing the exhibition to proceed smoothly [changes thought] and for the hearts of Soviet and Chinese comrades to beat in unison. This will contribute greatly to the further development of our scientific, technical, and social interaction; and better the understanding of Soviet and Chinese life.

[Correspondent] Thank you.

[Mazurkov] Thank you, and best wishes.

Southeast Asia & Pacific

Li Peng's Visit to Australia Continues

Holds Canberra News Conference

HK1711130888 Beijing ZHONGGUO XINWEN SHE
in Chinese 1138 GMT 17 Nov 88

[Report by Wang Xiaohui (3769 2556 2547): "Li Peng Answers Questions Raised by Reporters in Canberra"—ZHONGGUO XINWEN SHE headline]

[Text] Canberra, 17 Nov (ZHONGGUO XINWEN SHE)—Today, Chinese Premier Li Peng called a news conference here at the Australian National Press Club. At the news conference, he answered questions raised by reporters.

Question: Can China accept the proposition that Pol Pot will not play any role in the future government?

Answer: China voted for the UN resolution concerning this matter. China has always advocated a future Cambodian government headed by Prince Sihanouk and

jointly organized by the four parties. These four parties will each make their own nominations, which they have to jointly approve. I think that the meaning of this is very clear.

Question: What are the prospects for the development of Sino-Soviet relations? Mr. Premier, how would you estimate the chances of success for the reforms Gorbachev is carrying out in the Soviet Union?

Answer: It should be said that China supports the Soviet Union's reforms. China thinks that the Soviet Union's reforms are beneficial to China's own development. Like many other socialist countries, China is carrying out reforms. Therefore, there is no reason why China should not welcome the Soviet Union's reforms. Concerning the prospects for the Soviet Union's reforms, the Soviet Union's reforms, like any reforms, will run into many difficulties, difficulties which may be even more serious than those we have encountered.

China and the Soviet Union are neighbors sharing a 7,000-km boundary. Thus, the normalization of the relations between the two countries will be beneficial to peace in this region. China is a developing country. To carry out socialist modernization, it needs a peaceful environment. If Sino-Soviet relations are normalized, we can then hope that we will become good neighbors. However, these relations will not revert to the state of relations during the 1950's. China is willing to remain on friendly terms with all countries on the basis of the five principles of peaceful coexistence. The development of Sino-Soviet relations will not affect China's relations with the West. Actually, Sino-Soviet relations lag far behind those between the West and the Soviet Union.

Question: The Dalai Lama has decided not to demand Tibetan independence any more. Does this constitute a breakthrough concerning the Tibet issue? Have the dates of the talks been decided?

Answer: The central government plans to hold talks with the Dalai Lama. However, since Tibet is Chinese territory, the questions of sovereignty and independence are not negotiable. As for the dates of the talks, we have not decided on them yet.

Question: Please elaborate on the new international political order and what new groupings will emerge in the contemporary world.

Answer: Currently there are trends toward a relaxation of tensions in the world. This is undoubtedly beneficial to world peace and development. The time when the world was dominated by the two superpowers is now over. The world of the future should be a multipolar world. We think that all of the regional groups that have emerged in the world are forces for peace. Each of these groups engages in international dialogue as a single voice. This is powerful. We are happy about this.

Question: Are there any remaining obstacles that obstruct the complete resumption of Sino-Indonesian diplomatic relations? When will China and Indonesia resume diplomatic relations?

Answer: As far as China is concerned, there are no obstacles. If Indonesia is willing, we can resume relations tomorrow. Frankly, they might still not have made up their mind. Two factors are involved here. In Indonesia, there are many Chinese. The Chinese Government's policy is unambiguous. After their immigration to Indonesia, Indonesia is the country of these Chinese people. They should get along well with the people there and contribute to the country's prosperity. Another question is that Indonesia has a communist party. China does not interfere in other countries' internal affairs. The existence of a communist party in Indonesia is its internal matter. We have established no ties [lian xi 5114 4762] with the Communist Party there. We are willing to energetically develop relations with Indonesia on the basis of the five principles of peaceful coexistence, because, after all, Indonesia is quite a big country in South [as received] Asia and was on very friendly terms with China in the 1950's.

Question: Could you please tell us about your conversation with Prime Minister Hawke this morning in detail?

Answer: As Prime Minister Hawke has not yet announced the details of the conversation, it is unlikely that I will do so. We exchanged views on the international situation this morning. Both of us were pleased to see the trend of detente in the world and expected that this momentum would continue. At Prime Minister Hawke's request, I gave him an account of Sino-Soviet relations, the Cambodian issue, and Sino-U.S. relations. I also told him about China's relations with Indonesia and other international issues.

Question: According to reports, China has recognized the founding of the symbolically existing Palestinian state announced unilaterally in Algiers on Tuesday. Does your recognition of the Palestinian state mean that you will also recognize Israel, which has existed for a long time and has been recognized by most other countries? If China does not intend to recognize Israel, what role will you play in the international arena to bring about peace in the Middle East?

Answer: China's stand of supporting the struggle of the Palestine Liberation Organization (PLO) against Israeli aggression is consistent. In my opinion, the founding of the Palestinian state is a historical choice of the Palestinian people. It is also a triumphant victory of the struggles waged by the Palestinian people. Hence, we have extended our congratulations. China has no diplomatic relations with Israel. If Israel is not willing to give up its aggressive and expansionist policy, it will be impossible for both sides to establish contacts.

Question: As you lived with Zhou Enlai when you were young, could you tell us something about the personal relations between Mao Zedong, Zhou Enlai, and Deng Xiaoping before and during the Cultural Revolution? My second question: After China regains the sovereignty of Hong Kong in 1997, when will the reunification of the mainland and Taiwan be realized?

Answer: You will probably feel disappointed at my answer to your first question because I have no idea what you want to know. Although I am familiar with Zhou Enlai and I received education under his care, I have always led an independent life. Mao Zedong and Zhou Enlai died, one after the other, when I started my political career and began to have contacts with top level leaders. I am an electrical engineer. If you have any questions in this field, I am sure I can satisfy you. (applause, laughter)

Regarding your second question, when China regains the sovereignty of Hong Kong in 1997, the "one country, two systems" policy will be implemented. As regards the question as to when Taiwan will return to the motherland and when reunification will be realized, our policy is to unify the country with the "one country, two systems" policy. The policy will be more preferential than that applied to Hong Kong. I cannot tell you the exact time of the reunification. No politician in the world can answer this question.

Question: Many residents have left Hong Kong because of the 1997 issue and some of them have come to Australia. Are you worried about this?

Answer: I am not upset by this because Hong Kong's stability and prosperity will be maintained when China regains its sovereignty. I believe that these residents will return back to Hong Kong. Technological, economic, and personal exchanges are quite common in the world today. Hence, this is a normal phenomenon.

Question: What should China learn from Australia?

Answer: Upon my arrival here, I discovered the friendly sentiments of the Australian Government and people. I think we should learn from these friendly customs. Australia is a country with a vast territory. An enterprising spirit is necessary to turn the barren land into a beautiful country within a 200-year period. Without such a spirit, it would be impossible to achieve this. I think we should also learn from this enterprising spirit.

Canberra Dinner Speech Cited
OW1711130588 Beijing XINHUA in English
1229 GMT 17 Nov 88

[by Lou Huorong]

[Text] Canberra, November 17 (XINHUA)—Visiting Chinese Premier Li Peng today expressed the hope that relations between China and Australia will further develop, especially in the economic field.

In a speech at a dinner held for him by his Australian counterpart Bob Hawke here tonight, Li said, "In the economic field, our two sides can help supply each other's needs, make up each other's deficiencies and complement each other."

He noted that Australia, with abundant resources and advanced technology, has mineral farm and animal husbandry products, while China, with a huge market and cheap labor, enjoys advantages in light industry, textiles, machinery and electrical equipment. "We have a broad prospect for development," he told the more than 300 people present.

He recalled the progress achieved in Sino-Australian relations, saying, "Facts show that countries, though different in social system and development level, can not only maintain their relations on a solid foundation but steadily develop them on a long-term basis so long as they adhere to the five principles of peaceful coexistence."

On the international situation, the Chinese premier said dialogue is taking the place of confrontation and detente is gaining momentum. "This new trend in the international situation is a positive and welcome change," he pointed out.

He called on the Asian-Pacific countries to actively carry out economic and technological exchanges and promote regional economic cooperation under the principle of "mutual respect, equality and mutual benefit, increased exchanges, and common progress."

Premier Li also expressed support to Asian-Pacific regional cooperative organizations of developing countries in their effort to safeguard regional security and boost regional development.

The Chinese premier arrived in the Australian capital for a two-day stay before leaving for Melbourne, the second largest city in the country.

Meets With Bob Hawke

OW1711132088 Beijing XINHUA in English
1253 GMT 17 Nov 88

[Text] Canberra, November 17 (XINHUA)—Chinese Premier Li Peng and Australian Prime Minister Bob Hawke held a comprehensive and in-depth discussion here today on Sino-Australian relations.

Hawke said Australia attaches great importance to its ties with China. Australia is pleased to see that Sino-Australian relations have grown rapidly both in broadness and depth, he noted, adding that it hopes such relations of friendship and cooperation will grow further to the benefit of both sides.

He described the two-way trade between Australia and China as having a solid basis, saying that the volume of trade is increasing. The Australian Government is willing to boost export to China and encourage import from China, he added.

Li said, "Relations between China and Australia have grown smoothly, and China hopes for continued development of their friendship and cooperation."

Describing Australia as a major trade partner of China, he said trade between the two countries has registered big increases in recent years.

He said he hopes the two countries will discuss and open up some areas of cooperation interested to both sides.

Both Li and Hawke expressed welcome to and the willingness of making investment and running joint ventures in each other's country.

The two sides pledged to join their efforts to further their cooperation in such fields as economics, trade and technology.

The two prime ministers also expressed satisfaction with the cooperation project that Australia will use China's rocket carriers to launch communications satellites.

The Chinese premier is here on an official goodwill visit to Australia.

Hawke Hosts Dinner

OW1711152288 Beijing XINHUA in English
1443 GMT 18 Nov 88

[Text] Canberra, November 17 (XINHUA)—Australian Prime Minister Bob Hawke said here today that his government has an enduring commitment to Australia's relationship with China.

"The maintenance and further development of that relationship is one of the central elements in my government's foreign policy," Hawke told the more than 300 guests at a dinner he hosted in honor of visiting Chinese Premier Li Peng.

He noted that the economic relations between the two countries have greatly developed with two-way trade reaching more than two billion Australian dollars (about 1.7 U.S. billion U.S. dollars) annually. Besides, Australia has more than 30 joint ventures in China, while China's investments in Australia include an aluminum smelter in the State of Victoria and an iron mine in the western part of the country. The two projects are the two biggest Sino-foreign joint ventures outside China. He said that while Australia's main exports to China are iron ore, wool and wheat, it is keen to diversify the commodities.

He praised China's economic reforms as far-reaching, saying they have not only "constituted an enormously powerful force to reshape conditions within China" and "produced spectacular growth in the Chinese economy and rising living standards." They also "constitute a significant reshaping of the very framework of relationships throughout the region."

Prime Minister Hawke said his country welcomes China's policies of modernization and opening up to the outside world. This is "not only because of the mutually advantageous opportunities these policies give us for trade and economic cooperation, but, above all, because they will contribute to the peaceful and prosperous development of China as well as of the Asian-Pacific region and beyond," he added.

He expressed Australia's welcome to the recent improvement in Sino-Soviet relations, and said the success of the reforms in the Soviet Union "is a matter of the closest interest to China, Australia and other countries of the Asia-Pacific region."

"Indeed, I believe we can be reassured by the fact that in the world at large, and in our own Asia-Pacific region, we have begun to see the emergence of an international framework that could hold for us the promise of a less turbulent, less violent and less daunting future than has characterized so much of this century."

Ian Sinclair, deputy leader of the federal opposition, also spoke at the dinner and praised China's policy of reform.

Visits Canberra Planning Center

OW1811075488 Beijing XINHUA in English
0723 GMT 18 Nov 88

[Text] Canberra, November 18 (XINHUA)—Chinese Premier Li Peng was deeply impressed by the rapid development of the Australian capital as he visited the Canberra Planning Exhibition Center this morning.

The Chinese premier was shown a large fiberglass and acrylic model of the central area of Canberra indicating all buildings and landmarks in three dimensions, as well as roads, the communication network and Lake Burley Griffin.

Li said Canberra is a very beautiful city which saw tremendous changes over the past 30 years.

In the circular exhibition area, overlooking picturesque Lake Burley Griffin, Li watched, with great interest, pictures explaining Canberra's development since the 19th century.

Li then viewed a nine-minute multi-screen audio-visual program which outlines the story of the national capital and its future.

Li also visited the 195-meter-high telecom tower on the Black Mountain in northwest Canberra.

Meets Governor General

OW181115288 Beijing XINHUA in English
1128 GMT 18 Nov 88

[Text] Canberra, November 18 (XINHUA)—Australia's Governor-General Ninian Stephen met visiting Chinese Premier Li Peng here this afternoon and held a dinner in his honor.

The governor-general recalled his February visit to China and asked about Li's current visit to Australia.

Li said his visit to Australia is pleasant and successful.

Earlier, Li held a second round of talks with his Australian counterpart Bob Hawke.

The Chinese premier arrived in Australia Monday [14 November] for a six-day visit.

Goodwill Visits Viewed

HK1711074788 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 46, 14 Nov 88 p 24

[Article by Ji Lan (4764 5695): "Promoting Friendship, Safeguarding Peace—Premier Li Peng Visits Thailand, Australia, and New Zealand"]

[Text] Premier Li Peng will make an official goodwill visit to Thailand, Australia, and New Zealand from 10 to 24 November. This will be Li Peng's first overseas visit since he assumed the office of Premier, and the first time he will visit these countries. The purpose of the visit is to make friends, to enhance understanding, to promote friendship, to develop cooperation, and to safeguard peace. This visit is an important diplomatic action launched by China for developing friendship and cooperation with countries in the Asian Pacific region.

China, Thailand, Australia, and New Zealand are Asian Pacific countries. They are concerned about the peace and development of the world and the region; are devoted to their economic construction; and are determined to develop further friendship and cooperation among them. The friendship between China and Thailand, China and Australia, and China and New Zealand have solid foundations and wide prospects.

Thailand is the first stop on Li Peng's trip. It is a friendly, neighboring country of China. Chinese and Thai people have a traditional friendship similar to that between relatives. Former Prime Minister Kukrit Pramoj, visited China from 30 June to 6 July 1975, and signed with Zhou Enlai, a joint communique on establishing diplomatic relations. In the 13 years since the joint communique was published, leaders and government officials from both countries visited each other frequently. With their joint struggle, rapid and all-around development of

relations between the two countries were achieved. Leaders from both countries have had frequent discussions, and close coordination with each other in international affairs. Since Vietnam invaded Cambodia, China has cooperated closely with ASEAN countries, in particular Thailand, on the Cambodian issue. The Thai government and people are resolutely defending the independence, sovereignty, and security of their country; are upholding the principle of mutual noninterference of each country's internal affairs; the principle of peaceful coexistence with other countries; are strengthening its cooperation with ASEAN countries in political, economic, and social aspects, and in the aspect of turning them into an organic whole; and are supporting the measures for making South East Asia a peaceful, free, and neutral region, to really achieve peace and stability in the economic and political aspects of the region. The Thai Government is devoted to urging Vietnam to withdraw its troops from Kampuchea, and to solving as soon as possible, the Cambodian issue through political means, to ensure that Thailand will have a fine and peaceful environment for developing its economy. Premier Li Peng is going to visit Thailand under these circumstances. This indicates that China is unremittingly supporting the brave struggle of the Cambodian people, and the just stand of Thailand. It also indicates that China wants to remove as soon as possible, the hot spot—the Cambodia issue—and that it is willing to continue to work hard with other related countries to find an early, just, and reasonable solution to the Cambodian issue. Whether for the present or the future, China and ASEAN countries are having and will have common targets and interests on the questions of peace and development. Satisfactory developments in trade relations between China and Thailand have been achieved, and the trade volume between the two countries has increased to \$500 to \$600 million. With this visit, it is expected that China and Thailand will further develop new markets and new realms for trade and economic cooperation between the two countries.

This year is the 200th anniversary of Australia's founding. Australia has already become a developed, agricultural, and industrialized country. In December 1972, the Australian government headed by Prime Minister Edward Whitlam, who had just assumed office, established diplomatic relations with China. Since then, Sino-Australian relations have entered a new historical period. China and Australia developed their friendly relations on the basis of safeguarding world peace, in particular peace and stability in Asia and the Pacific region. Facts in the past 10 years proved that friendly relations between China and Australia are being developed uninterruptedly. Since the establishment of diplomatic relations between the two countries, their bilateral trade has increased greatly. The total volume of trade between the two countries increased from less than \$100 million in 1972 to the current amount of \$1.6 to \$1.7 billion. China has become one of Australia's major trade partners and also the third largest export market. During his visit to Australia, Premier Li Peng will take part in

activities for celebrating the 200th anniversary of the founding of Australia. This visit indicates that China attaches importance to its relations with Australia, will have long-term cooperation, and that Sino-Australian relations will develop in a long-term and stable manner.

New Zealand is located in the Pacific Ocean. It is close to Australia with the Tasman Sea to its west inbetween. It is a country concentrating on agriculture and animal husbandry. Agriculture and animal husbandry contribute 60 percent of its gross national product, while animal husbandry contributes to 90 percent of the total output value. It also has the largest per capita number of cows and sheep in the world. Since the establishment of diplomatic relations between China and New Zealand in December 1972, new development in the friendly relations between the two countries have been achieved. Over the past several years, there have been frequent contacts between various delegations and friendly personages of the two countries, and wide-spread connections and exchange in the economic, cultural, journalistic, medical, scientific and technological, and sports aspects have been made. These friendly contacts have enhanced the understanding between the two countries, and have strengthened friendship between both peoples. Since the establishment of diplomatic relations, trade between both countries have been continuously developed. When diplomatic relations were established, the total volume of trade between the two countries was just \$9.7 million, while in 1987 this volume increased to \$285.35 million. China is the largest buyer of New Zealand wool, and also the fifth largest market for New Zealand's exports. This visit will turn a new page in the further developing friendly and cooperative relations between China and New Zealand.

China, Thailand, Australia, and New Zealand are Asian Pacific countries, are building up their countries, and safeguarding peace in the Asian Pacific region and the world. Li Peng's visit to Thailand, Australia and New Zealand will not only strengthen bilateral friendly cooperation between China and Thailand, Australia, and New Zealand, but will also promote cooperation among Asian Pacific countries, and development of peace.

Australia Chooses Chinese Rockets for Satellites
OW1711151488 Beijing XINHUA in English
1430 GMT 17 Nov 88

[Text] Canberra, November 17 (XINHUA)—Australia's National Satellite System (AUSSAT) announced today in Sydney that it has decided to use China's Long March Rockets to launch its Two B' series replacement satellites in 1991 and 1992.

AUSSAT's managing director, Graham Gosewinckel, who made the announcement, said AUSSAT's decision to use the Long March was taken on the basis that the bid from the China Great Wall Industry Corporation, the Long March maker, was the most cost-effective method of getting the B1 and B2 satellites into orbit.

"AUSSAT has complete confidence in the People's Republic of China's ability to provide Australia with a successful launch of our next two satellites," he said.

But he said that the decision remained conditional upon approval from the Coordinating Committee for Multilateral Export Control (COCOM), a Paris-based organization which regulates Western countries' exports to communist nations.

The Long March Rocket selected by AUSSAT is known as the 1M2E, a stretched version of the 1M2 rocket which has been developed over the last 10-15 years. The 1M2 has been used successfully for more than 40 missions to launch scientific, communications and other payloads for the Chinese over the same period.

Beijing Lauds Li Peng's Visit to Thailand

BK1711105288 *Beijing International Service in Thai*
1330 GMT 15 Nov 88

[Correspondent's Report: "Premier Li Peng's Visit to Thailand Advances Sino-Thai Relations to a New Chapter"]

[Text] On 14 November, PRC Premier Li Peng satisfactorily concluded his 4-day official friendly visit to Thailand. Speaking at a news conference prior to his departure, he said the visit had accomplished what was expected and had further strengthened the existing friendship and cooperation between China and Thailand. Prime Minister General Chatchai Chunhawan expressed pleasure with the results of the Chinese premier's visit and accepted an invitation to visit China next year.

Thailand is the first country Li Peng has visited since becoming prime minister. Only 2 hours after arriving in Bangkok, Premier Li Peng was granted an audience with King Bhumibol Adunyadet, illustrating the closeness of Sino-Thai friendship and cooperation. Premier Li Peng was also received by the crown prince and had cordial discussions with Prime Minister Gen Chatchai Chunhawan.

During the meeting between the two prime ministers, they exchanged views on bilateral and international issues of mutual interest, particularly the Cambodian problem. They shared the view that the war in Cambodia, which is the result of Vietnamese aggression, has gravely threatened peace and security in the region. In the past decade, China, Thailand, and other friendly countries have closely cooperated and exerted efforts in various directions in the search for a political settlement of the Cambodian problem. Noting the Chinese Government's basic stand, the Chinese premier said his government had no desire to profit from the Cambodian problem, and its support for the Cambodian people's struggle against Vietnam was based entirely on its adherence to justice and its opposition to aggression. China agreed with the view that the Cambodian problem must be justly and reasonably solved by

political means. Li Peng reiterated that China's view was that the four Cambodian factions should join to form a quadripartite government headed by Prince Sihanouk. It opposed discrimination against any faction and a monopoly of power by any faction. It disagreed with formation of a bipartite or tripartite government. Premier Li Peng said conditions are ripe for the political settlement of the Cambodian problem; the Chinese Government was ready to join Thailand and other ASEAN countries as well as the international community in continuing efforts for a speedy settlement of the problem. The two prime ministers repeated their call for Hanoi to heed the situation and withdraw Vietnamese troops from Cambodia as soon as possible. Li Peng emphasized during the 13 November news conference that it is best that Vietnam withdraw its troops from Cambodia before June 1989.

On bilateral relations, the two prime ministers proposed some concrete steps for strengthening trade contacts and economic cooperation. Both sides said they will increase cooperation and exchanges in industrial, agricultural, and marine culture technologies. They agreed that strengthened cooperation in national development will not only benefit the two countries, but will promote economic and trade cooperation between countries in Asia and the Pacific and Southeast Asia as well. Li Peng gave a high assessment of Thailand and other ASEAN countries in their search for peace and economic progress in this region. He also effectively explained China's four principles in promoting relations with the ASEAN countries. They are: first, on international relations, strictly respect and practice the five principles of peaceful coexistence; second, regardless of circumstances, adhere to the principle of opposition to hegemonism; third, in economic relations, adhere to the principle of equality and mutual interest and development; and fourth, on international affairs, respect and practice the principle of independence, mutual respect, close cooperation and mutual support.

During the 4-day visit, Premier Li Peng and his delegation were welcomed in an atmosphere brimming with the friendship that the Thai people have for the Chinese people, illustrating once again that good neighborly, friendly relations between China and Thailand and their mutually beneficial cooperation, which are based on the five principles of peaceful coexistence, possess great strength. They not only benefit the people of the two countries, but also powerfully contribute to peace and stability in the region. Premier Li Peng's visit has advanced the friendly relations and cooperation between China and Thailand to a new level in the interest of the further growth of the flower of Sino-Thai friendship.

Li Peng Addresses Chinese Group in Bangkok

BK1411072488 *Beijing International Service in Thai*
1330 GMT 12 Nov 88

[Report on speech by Chinese Prime Minister Li Peng at a Bangkok reception hosted by the Association of Chinese Residents in Thailand; date not given]

[Text] Prime Minister Li Peng said that China has undergone big changes after the country adopted reforms and open door policy initiated by Deng Xiaoping. Chi-

na's economy has been expanding and the living standard of its people improving. There have been changes in urban and rural areas. Friends who visited China or Beijing are aware of the changes. Prime Minister Li Peng said that there is no change in China's policy at present. What have been changed are only objective measures and methods. Within 2 years, China will try to improve its economic environment and establish a new economic order to offset economic tension caused by too rapid development over the past 10 years. There is a need therefore to sustain the pace of economic growth. However, this does not mean that China will shift from the reforms and open door policy. What it is doing is to improve implementation of the policy so as to facilitate creative activities.

Prime Minister Li Peng said that relations between China and Thailand are excellent. There have been several exchanges of visits by leaders of both countries. "On this current visit to Thailand, my colleagues and I have been accorded a warm welcome by the Thai Government authorities under the leadership of Prime Minister General Chatchai Chunhawan and from the people in other sectors including leaders of the Chinese association. We have been accorded a great honor by His Majesty the King and the crown prince who granted us royal audience."

Prime Minister Li Peng said that trade relations between Thailand and China have been expanding rapidly. Trade volume in recent years has greatly increased. It is believed that this year's trade will reach \$800 million and will cover more categories. He said that, in the afternoon, he held an extensive discussion with Prime Minister General Chatchai on the possibilities of expanding economic cooperation between China and Thailand. China and Thailand, he said, shared similar views and believe that there is great opportunity in future development for both countries.

Prime Minister Li Peng said that there is a large Chinese community in Thailand and that a number of them have been here since the time of our ancestors. He said: You have made contributions to economic prosperity of Thailand. The Chinese Government appreciates this, and we have nothing more to ask you than to hope that you will cooperate with the Thai people in making efforts for greater contributions for Thailand's prosperity as this will also benefit China. Prime Minister Li Peng said that there have been certain changes in the world situation at present. There is a shift from confrontation to discussions. China welcomes such an international development.

China is a developing country and is now busy with its four modernizations. In order to achieve this, there must be law and order in China and peace on the international scene. China is therefore adopting a free and independent foreign policy while advocating peace. Prime Minister Li Peng said that China is happy to learn that there exists a number of regional organizations which have

made great contributions to world economic development and peace protection. ASEAN is one of them, and China will support ASEAN.

XINHUA 'Roundup' on Sino-Thai Relations
*OW1811054288 Beijing XINHUA Domestic Service
in Chinese 1317 GMT 10 Nov 88*

["Roundup: Steady Development of Sino-Thai Friendship and Relations of Cooperation (by XINHUA reporters Huang Yong and Ma Shengrong)"—XINHUA headline]

[Text] Bangkok, 10 Nov (XINHUA)—China and Thailand are close neighbors, and their peoples have a long history of friendship. Especially since the two countries established official diplomatic ties in 1975, their cooperative relations have developed continuously in the fields of politics, economy, trade, science, technology, and culture. "China and Thailand are as close as one family"—this is a true description of the present situation of the friendship and relations of cooperation between the two countries.

The past few years have witnessed frequent exchanges of visits between leaders of the two countries. In 1978 Deng Xiaoping as vice premier, in 1980 Deng Yingchao as vice chairman, in 1981 Zhao Ziyang as premier, and in 1985 Li Xiannian as president all visited Thailand. Today Premier Li Peng began an official goodwill visit to Thailand, which is the first country on the itinerary of his first overseas trip since assuming the premiership.

The Thai government and people have always given warm, ceremonious welcome and hospitality to Chinese envoys paying goodwill visits to them. In the meantime, a number of high-ranking military and government officials from Thailand have visited China. The exchange of visits between Chinese and Thai leaders has increased the mutual understanding of the Chinese and Thai peoples and enhanced the friendship between the two countries and two peoples.

China and Thailand are both developing countries. They cooperate well in international affairs. Particularly on the Cambodian issue, both China and Thailand hold that the root cause of the issue is the occupation of Cambodia by Vietnamese troops, that the key solution to the issue is the withdrawal of the Vietnamese troops from Cambodia as early as possible, and that the present obstacle to solving the Cambodian issue is still from Vietnam. With regard to international economic affairs, both China and Thailand are opposed to the trade protectionism of developed countries and stand for defending the rights of developing countries.

In recent years, Sino-Thai trade relations have developed rather quickly. In 1975 when the two countries established diplomatic relations, their trade volume was only \$21 million. In 1987, the amount reached \$550 million, representing a 26-fold growth in 12 years. This

year has seen a more gratifying trade situation between the two countries. The trade volume for the first half of this year stood at \$360 million, and the amount for the whole year is estimated at \$700 million, higher than the preset target.

Trade between the two countries has developed with all-out government support. The trade agreement and the protocol establishing the joint trade commission, signed by the two governments in 1978, laid a solid foundation for trade development between the two countries. With impetus given by both governments, trade personnel of the two countries have paid frequent visits to each other. It is estimated that every year each country sends some 1,000 trade personnel to visit the other. Meanwhile, the varieties and categories of commodities exchanged between them are ever-increasing. Among the items that China is now importing from Thailand are rice, raw sugar, rubber, green beans, and chemicals. China's exports to Thailand include petroleum products, chemical products, machinery and equipment, coal, cotton, and handicrafts.

Economic and technical cooperation continues to develop between the two countries. The "Agreement on Cooperation in Science and Technology" signed in 1978, the "Agreement on Promotion and Protection of Investment" and the "Agreement on Establishment of the Joint Economic Cooperation Commission" signed in 1985, and the "Agreement on Prevention of Double Imposition and Evasion of Income Tax" signed in 1986 have created favorable conditions for economic and technical cooperation between the two countries. At present, there are three main types of economic and technical cooperation: 1) China and Thailand invest in establishing enterprises on each other's sides; 2) China acts as contractors for project construction in Thailand and provides technical service; and 3) cooperation in science and technology.

In addition, the two countries are continuously developing their cultural exchanges. According to estimates, in 1987 they had more than 120 cultural delegations and groups, composed of some 1,000 people, visiting each other. There are both official and people-to-people exchanges, and the fields involved include sports, education, and art.

As public figures here pointed out, there are very good prospects for Sino-Thai friendship and cooperation. Premier Li Peng's visit to Thailand is bound to further the development of friendship and relations of cooperation between the two countries.

Near East & South Asia

Newspaper 'Commentary' on Palestinian Issue
HK1811051588 Beijing RENMIN RIBAO
in Chinese 12 Nov 88 p 6

["Commentary" by RENMIN RIBAO reporter Lin Jiaoming (2651 4109 2494): "A Crucial, Historic Choice—on the Eve of the Extraordinary Session of the Palestine National Council"]

[Text] Algiers, 11 Nov—The extraordinary session of the Palestine National Council [PNC], which has been under

preparation for some time, will soon be held in Algiers. This meeting will finally examine major strategic problems such as the establishment of an independent Palestinian state and a Palestinian provisional government. This will be a meeting of the greatest significance since the establishment of the PLO in June 1964. The whole Palestinian people will make a crucial and historic choice in the process of fighting for the realization of their legal national rights.

Yasir 'Arafat, chairman of the PLO Executive Committee, has on many occasions solemnly announced that the PNC, being the PLO's highest organization, will choose a policy most favorable to the present struggle among the four plans during the meeting. These four plans are: establish an independent Palestinian state based on UN Resolution 181; establish an independent state, and at the same time organize a provisional government representing the Palestinian people inside and outside the occupied territories; establish only a provisional government at the moment; or invite the UN to give international support in the West Bank and the Gaza Strip in a transitional period of not more than 6 months. It was disclosed that different Palestinian factions held a meeting in early October in Tunisia, and have in principle agreed to accept the "Partition Resolution" which proposed the establishment of a Palestinian state. It was also agreed that direct talks with Israel will be held in the form of an international conference, and Palestine will enter into a federation with Jordan. Two special committees were ordered to draft a "Declaration of Independence" and a "Political Announcement" for Palestine which are to be passed in this extraordinary session. If we analyze the present situation, the time has come for the PLO to make an historic choice, no matter whether the above documents are announced immediately after the session or not.

The PLO's decision on the strategy of "building up statehood for peace" is a significant change in the Palestinian people's 40 year struggle. The Palestinian issue is the core of the Middle East dispute between the Arabs and Israel. The five Middle East wars brought about tremendous disaster to people in the Middle East countries, including the Palestinian people and the Israeli people. The Israeli authorities have stubbornly pursued an expansionist policy, and denied the national self-determination rights of the Palestinian people. This made the Middle East the only enduring hot spot in the world, where the world's most acute and complicated regional dispute since World War II. However, history has proven that Palestinian national rights cannot be obliterated. To settle the Middle East disputes politically through negotiation is favorable to the realization of justice and peace in the Middle East. Adopting the strategy of "building up statehood for peace" shows that the PLO accepts all the UN resolutions concerning the Palestinian issue. The action itself is a review of the 40 years' struggle history, and recognition of political settlement.

The PLO's decision to establish an independent Palestinian state is a political achievement of the yearlong Palestinian uprising in the occupied territories, including those in the West Bank and the Gaza Strip, which reversed the enduring stalemate of the Arab-Israeli dispute. Through consultation and discussion, internal and external leaders of the PLO strongly asked for the realization of national self-determination and the establishment of an independent state with Israel as its neighbor on the basis of political negotiations. This has been the clear and definite political demand of the Palestinian people within the occupied territories for the past 40 years, and is also their final political choice after suffering two generations of national oppression. Though the Israeli authorities are still cruelly suppressing the uprising, the Palestinian people's national willpower will not be strangled by violence. The "Declaration of Independence" to be adopted in this extraordinary session of the PLO is legally based on UN documents, and is in principle recognized by more than half the world's countries. These factors, together with the PLO's recognition of international law and the "Cairo Declaration," which renounced terrorist actions, have basically made available all the conditions for the establishment of a Palestinian state. Therefore, despite Israel's firm opposition, and the intention of certain world powers to deny recognition of the state, there is no way to change the present development.

At present, a widespread world trend to settle regional disputes through political negotiation has appeared. In the Middle East there are the Iran-Iraq war cease-fire, the reestablishment of a PLO-Jordanian federation relationship, and the organized enduring struggle within the occupied territories. These conditions are favorable to the establishment of a Palestinian state by the PLO and the holding of an international conference for peace in the Middle East. However, the result of the presidential election in Israel casts a shadow over the Middle East again. The Likud Party under the leadership of Shamir and the extreme right wing stubbornly refuses to give up the occupied territories, resolutely opposes the establishment of an independent Palestinian state, and firmly refuses to participate in an international conference. These become factors of uncertainty and major hindrances to the future development of the Middle East situation.

"Thousands of boats pass by the sunken boat; miles of trees flourish in front of the withered tree." Bearing the heavy responsibility for deciding their nation's future, all Palestinian factions must be able to choose carefully at the critical moment in history, and advance down the road to realizing Palestine's national self-determination rights.

West Europe

Further Reportage of Portuguese Delegation's Visit

Yang Shangkun Meeting Reported

OW1711121288 Beijing RENMIN RIBAO
in Chinese 16 Nov 88 p 1

[Text] Beijing, 15 Nov (XINHUA)—President Yang Shangkun met with a delegation from the Portuguese

Assembly led by its President Victor Crespo in the Great Hall of the People this morning. During the meeting, Yang praised the good Sino-Portuguese relations.

Yang Shangkun said: The frequent exchange of leader visits by the two countries is very conducive to further development of the bilateral relations. To strengthen friendly relations between the governments and parliamentary bodies of our two countries is for promoting development of bilateral cooperation in economy, culture, science, and technology. Yang Shangkun hoped that the parliamentary bodies of the two countries would constantly exchange experience and learn from each other.

Crespo said: All Portuguese people follow with interest Sino-Portuguese relations. The current visit to China by this parliamentary delegation is precisely for the purpose of strengthening the relations between the Portuguese Assembly and China's NPC, and enhancing our understanding of the Chinese people, so as to expand bilateral cooperation in economy, culture, science, and technology.

Briefing the guests on China's situation, Yang Shangkun said: We call for improving the economic environment and rectifying economic order so as to make an internal readjustment of China's economic construction. This will not affect our economic and technological cooperation with foreign countries, still less does it mean that China's open policy will change.

Wang Hanbin, vice chairman of the NPC Standing Committee, was present at the meeting.

Paper on Wu Xueqian Meeting

OW1711123688 Beijing RENMIN RIBAO
in Chinese 16 Nov 88 p 4

[Text] Beijing, 15 Nov (XINHUA)—Vice Premier Wu Xueqian said here today that China attaches importance to its ties with West Europe and it will gradually increase the West European proportion of China's economic and trade relations with foreign countries.

Wu Xueqian made these remarks in a meeting with a delegation from the Portuguese Assembly led by its President Victor Crespo. Wu also said China attaches great importance to its relations with the European Community [EC] and hopes to further its cooperation with all EC member countries, including Portugal.

Recalling his 1984 Portuguese visit during the meeting, Wu said that Sino-Portuguese relations have developed rapidly in recent years and that he believes the friendly relations between the two countries hold bright prospects.

Wu briefed the Portuguese guests, who are on their first visit to China, on China's foreign policy and its basic stance on the international situation. He said: China is

carrying out an independent foreign policy of peace, which has been proven correct by international developments over the past 10 years.

Wu pointed out: Two notable changes have taken place in the international arena in recent years; namely, detente in East-West relations, which is reflected mainly in the relaxation of relations between the USSR and the United States, and the trend toward using political means rather than military confrontation in resolving problems.

President Crespo said that although the delegation's visit is a short one, the delegation has been greatly impressed by China's current developments. He reiterated that the Portuguese people wish for closer ties with China and hoped that the friendly political relations between the two countries will be expanded to economic, cultural, and other fields.

Speaking of the Macao issue, both Wu and Crespo agreed that the successful settlement of the Macao issue provides a good model for the world in solving historical problems through peaceful negotiations.

Guangzhou Visited

OW1811114188 Beijing XINHUA in English
1500 GMT 17 Nov 88

[Text] Guangzhou, November 17 (XINHUA)—The visiting delegation from the Portuguese Assembly led by President Victor Crespo toured the Guangzhou Economic and Technological Development Zone (GETDZ), and other places here today.

Businessmen from 11 countries and regions, including the United States, Thailand, Singapore, Federal Germany, and Hong Kong and Macao have ploughed more than 170 million U.S. dollars into the GETDZ and opened 37 joint ventures.

President Crespo said the visit to the GETDZ had helped him better understand China's reform and open policy.

Paper on Chancellor Kohl's Remarks, USSR Trip
HK1811053988 Beijing RENMIN RIBAO
in Chinese 12 Nov 88 p 6

[Dispatch by reporter Jiang Jianguo (3068 1696 0948): "Kohl Issues Government Announcement on His Visit to the Soviet Union"]

[Text] Bonn, 11 Nov (RENMIN RIBAO)—FRG Chancellor Kohl believes that the world now enjoys the most favorable conditions for further development of East-West relations since World War II. He said: The era of cold war, conflicts, and stagnation is over and dialogue and cooperation have resumed. He made these remarks yesterday afternoon while delivering a government statement on his visit to the Soviet Union at the FRG Bundestag.

Kohl said the FRG endorses in principle the Soviet proposal for a European summit, to involve the United States and Canada as well, on the reduction of conventional forces. The FRG will also participate in human rights meetings as part of the Conference on Security and Cooperation in Europe [CSCE], in Moscow as well as in Paris and Copenhagen.

Kohl said: The European Community [EC] and the Council for Mutual Economic Assistance [CEMA] are going to hold bilateral talks very soon to discuss what impact the EC's 1992 operation to unify its internal market will have on Europe as a whole, with an analytical report presented afterward. The FRG Government is willing to push for foreign ministerial meetings between the EC and the CEMA and between the NATO and the Warsaw blocs.

Chancellor Kohl said: From a long-term point of view, Gorbachev's perestroika also conforms with Western interests. The FRG Government is willing to strengthen cooperation with the Soviet Union and to enhance mutual understanding between the two countries, both at governmental and public levels.

Kohl said: Gorbachev has already confirmed that he is serious about disarmament. A point of decisive significance is that the two sides have agreed on a guiding principle for common efforts. As a short-term plan, talks on the stabilization of conventional forces will be started this year after the CSCE Vienna session.

Journal 'Discloses' CPC Guiding Ideology
HK1811151688 Beijing XINHUA Hong Kong Service
in Chinese 0815 GMT 18 Nov 88

[Report: "LIAOWANG OVERSEAS EDITION Discloses Guiding Ideas of the CPC's Top Hierarchy on the Development of Science and Technology"—XINHUA headline]

[Text] Hong Kong, 18 Nov (XINHUA)—This year has seen enormous successes in China's scientific and technological undertakings, such as the launching of a meteorological satellite, the successful firing of guided missiles from underwater, the successful positron and negatron collider test in Beijing, and the initial success won in developing low- and medium-yield lands in the Huanghe, Huaihe, and Haihe plains. The article "CPC Leaders Meet Scientists," which is carried in the Zhongnanhai Chronicles column, LIAOWANG OVERSEAS EDITION No 47, which is to be published on 21 November, discloses some of the guiding ideas of the CPC's top hierarchy on the development of science and technology.

Over the past 4 years, the fluctuations in China's grain and cotton production has caused unease and deep reflection in various quarters. Recently, the CPC Central Committee and the State Council held a national rural work conference in Beijing in a strong effort to increase agricultural input, to end the fluctuating situation in grain and cotton production over the past 4 years, and to seize bumper agricultural harvests in the next 2 years. The special article, "Coming Out of the Fluctuation of the Past 4 Years," carried in this issue of LIAOWANG, reflects the situation in China's rural areas and the trend of reform.

Following the constant development of Macao's manufacturing industry and the strengthened economic relations between Macao and the mainland, the labor problem has become an increasingly hot topic of discussion among people from all walks of life in Macao. How should we approach this labor problem? What is the way out? The article, "Macao's Labor Problem and Its Ways Out" elaborates on this in great detail.

LIAOWANG No 47 also carries several other important articles, such as "Premier Li Peng's First Visit to Thailand," "A New Probe Into China's Rural Reform Experimental Areas," and "China Is Formulating Administrative Procedural Law."

Paper Says Zhongnanhai Shaken by 'River Elegy'
HK1811063088 Hong Kong CHING PAO in Chinese
No 8, 10 Aug 88 pp 40-42

[Article by Liu Yanying: "The Politically Controversial Television Drama 'River Elegy' Shakes Zhongnanhai"]

[Text] The TV drama "River Elegy," which is characterized by nationality self-criticism and which began screening in June, immediately evoked unprecedented strong

repercussions. It has also shaken Zhongnanhai. Hu Qili took up this matter personally, and the Propaganda Department under the CPC Central Committee issued orders stopping its screening. However, the intense popular interest in "River Elegy" has not weakened and the writers of the drama are still making explorations...

The screening of the the six-part TV drama "River Elegy" by Beijing CCTV [China Central Television] in mid-June immediately evoked unprecedentedly strong repercussions among the audience, and arrested the attention of foreign embassies, consulates, and news agencies. This matter has also shaken Zhongnanhai. There has been intense popular interest in Beijing in the "River Elegy." Participants at large and small meetings, high-ranking officials, and common people have all taken the "River Elegy" as their topic for discussion.

Why Is the TV Drama Called the "River Elegy"?

The "River Elegy" is not a play. It is an epic-type political drama reviewing Chinese history with the Huang He as its background. The Huang He is used as the thread of the story to reveal the thoughts of contemporary scholars on Chinese history, culture, and society. The purpose in so doing is to review the historical fate of Chinese civilization from the macroscopic angle of the history of mankind's civilization. The character "Shang" (2999) means "premature death." It is obvious that the name of the TV program has special significance. According to observers the program intends to tell the audience that the Chinese civilization represented by the civilization of loess and the Huang He civilization, died too early, and that it was a civilization which was not healthily developed. Therefore, the Chinese nation must not blindly sing its praises. However, the "River Elegy" is not pessimistic about China's future. It confidently stresses: "Civilization has declined. There is no need for us to feel sad over it. Competition, making progress, opening up, reform, struggling hard, blazing new trails, overcoming and removing all obstacles which block the modernization of the Chinese nation, and selecting all material and spiritual things which are beneficial to the Chinese nation" is the paramount theme of the soul-stirring and epic TV drama. "All other roads will lead us to destruction except the one which gets rid of the old and seeks the new." The "River Elegy" emphasizes its aim in this firm and resolute way.

The chief playwrights of the "River Elegy" are Su Xiaokang and Wang Luxiang. Those who participated in writing the drama include Zhang Gang, Xie Xuanjun, and Yuan Zhiming. The director is Xia Jun, and Jin Guantao and Li Yining are advisers. They are all academically accomplished middle-aged and young scholars who are famous both at home and abroad. They are all specially selected. In this TV drama, the previous essential factors of a drama such as tableau, music, language, and so on are of secondary importance, whereas the ideology factor becomes the most important thing. This is a new breakthrough which appears to be successful. A

critic wrote the following comment from the depths of his heart: "Very often, with tears in my eyes I watch and listen to the modern and most scientific 'The Lament' and 'The Heavenly Questions' written by some of our most thoughtful middle-aged and young men who tell us tearfully the 3000-year history of our nation."

Audiences Warmly Praise the "River Elegy"

The six-part "River Elegy" is divided into the following sections: Seeking the dream; fate; divine light; new century; hardship; and sky blue. After the showing of the drama by Beijing CCTV on 11 June it unexpectedly produced very strong repercussions. Audiences in various parts of the country wanted their local TV stations to show the drama. During the golden time between 2000 and 2100, the Shanghai TV Station screened the drama on six nights in succession. The screening of the drama by TV stations in various localities gave rise to and promoted intense popular interest in the "River Elegy." CCTV received several thousand letters from the audience, demanding a repeat showing of the drama. Besides, several hundred people wanted to place orders for the video tapes. Residents and cadres liked to watch the drama as did people in the higher strata.

It was said that some generals, marshals, and their wives brought the video tapes of the drama to Beidaihe to show them.

At a discussion held at CCTV some participants criticized the "River Elegy" as violating the spirit of the 13th CPC National Congress. For example, a certain leader from the Ministry of Radio, Film, and Television maintained that the "River Elegy" publicized national nihilism and wholesale westernization, and that it aired views which Fang Lizhi had not dared air in the past. He stressed that the "River Elegy" opposed the party and socialism, and so on. However, most participants appreciated and praised the drama. A certain responsible person from the Central Newsreel and Documentary Film Studio said that the "River Elegy" was very good. He added: We have produced documentaries for several decades but we have never produced such a good film. The "River Elegy" has an epoch-making significance in the history of documentaries. People did not like to watch documentaries which we produced in the past. However, regarding the "River Elegy," people vie with one another to watch it. Why? This question has given us much food for thought.

Ai Zhisheng, minister of the Ministry of Radio, Film and Television also said at the discussion: The "River Elegy" clears the way for reform and opening up. The comments which have been made about it so far have not gone too far. It is normal for some people to utter extreme remarks. Without such extreme remarks the drama would become valueless. I was engaged in industry and engineering in the past. If you want me to say something, my remarks might be more extreme than theirs (the remarks of the writers of the "River Elegy").

At the discussion a noted figure, Chen Guying, said excitedly: In Taiwan and the United States I watched TV for more than 40 years but I never saw such a good TV documentary as the "River Elegy." The "River Elegy" has not only inspired and aroused the masses but it has also given us plenty of historical knowledge. Such good TV drama is rarely produced.

Various Newspapers Published Articles Praising the "River Elegy"

During the period when the "River Elegy" was being screened big newspapers in Beijing published captions from the drama, and other commentaries. A signed article by Yan Xiu "I Praise the 'River Elegy'" published in ZHONGGUO QINGNIAN BAO on 5 July made a most penetrating comment.

Yan's article reads: "The TV drama the 'River Elegy' is outstanding. It is completely different from certain absurd arguments which purposely make simple things complicated and difficult to understand. There is ground for the writers to write the drama. On a rational and scientific basis, and the basis of comparing different kinds of civilization in the world, they seek the reasons contributing to the long-term ignorance, backwardness, autocracy, arrogance, apathy, conservativeness, stagnation, poverty, and internal dissension, and so on of the Chinese nation. They do painstaking work exploring the roots of the pessimistic development of our nation. It is the most profound manifestation of patriotism." The article continues: "The 'River Elegy' is more soul-stirring than great historical works which contain several million characters, because the latter pose less questions than the six-part TV drama, and the questions they pose are not so profound and acute. The questions posed by the TV drama have given us much food for thought and are difficult for us to dodge, because they are full of the spirit of scientific exploration. In the meantime, the 'River Elegy' does not use haughty, narrow-minded, and blind 'patriotism' to educate (actually anaesthetize) us." It adds: "Even if we invite a hundred foreign experts to give us lectures, they cannot provide us with one-tenth of the convincing arguments contained in the 'River Elegy.' I believe that the 'River Elegy' will become part of our repertory within 10 years, which can be used to educate our descendants for a long time." In conclusion, the article points out: "The 'River Elegy' tells us that China is at a crossroads. We should be optimistic but we must not be haughty and blind." It says again: "Without completely raising the consciousness of the entire nation, and concerted efforts made by the people at the higher and lower levels to change our course, in the future there will surely not be happiness waiting for us to pick." This is the reason why the "River Elegy" is so soul-stirring, and provides us with much food for thought.

Su Xiaokang said: "The 'River Elegy' is shouldering a heavy task." What he said is true. The "River Elegy" is a full criticism of the tradition and reality in China and a self-criticism of our nation. The questions it poses are

very acute. Therefore, many people feel uneasy about it. However, most of the audience think differently. They believe that the screening of the TV drama demonstrates the political enlightenment of the authorities. They are inspired by it and strengthen their confidence in reform. However, they do not know that the "River Elegy," which creates an enlightened image for the CPC, has been put under pressure and criticized.

When the fourth episode of the "River Elegy" was being shown, the U.S. Consulate [ling shi guan 7325 0057 7419] in Beijing wanted to borrow the video tape. This shook the CPC authorities. When the fifth episode was shown Hu Qili, CPC Political Bureau Standing Committee member in charge of ideology, called Ai Zhisheng. Hu asked: "A university president told me that the TV drama the 'River Elegy' is very bad. What do you think of it?" Ai Zhisheng answered: "The fifth episode has been shown and there is only one episode left. Is it all right for us to wait until the last episode?" Hearing this, Hu Qili consented to his plan. He added: Many major newspapers are publishing captions from the "River Elegy." You should instruct them to discontinue doing so. However, GUANGMING RIBAO, ZHONGGUO QINGNIAN BAO, JINGJI RIBAO and WENHUI BAO continued publishing the captions and other articles praising the TV drama. Some people said that it might be too late to issue the instruction.

When Hu Qili took up this matter personally, the Central Propaganda Department issued a circular to the effect that the "screening of the 'River Elegy' should be temporarily suspended, and it should not be distributed abroad." It then issued another document saying that the "River Elegy" was good overall but some of its views are open to question. Six or seven paragraphs of the captions are said to be open to question, and the following two paragraphs are most "open to question."

The first paragraph reads: "Plekhanov, who was regarded as the 'father of Russian Marxism' maintained that Marxist views on history must not transcend the stage of development, and that state power must not be seized too early. He also believed that impatience for the success of socialism will lead to the most bitter failure of the economy."

The second paragraph reads: "Wealth is not acquired under the conditions of equal competition. The monopoly of 'government commerce' and the control of the hierarchic class over commodity, their wonton obstruction of socialist ownership, and their poisoning of the work style of the ruling party and the general moods of society, mean that a person who has power in hand can easily turn his power for use and power for administration into power for

possession; and the state-owned things will become department-owned, or individually-owned things. Does the shocking and corrupt phenomenon of taking bribes, offering graft, and jobbery not show this?

It would be strange if the bold and acute way the "River Elegy" criticizes Marxism and Leninism and the evils of the times were tolerated by the relevant departments. It has been reported that the relevant departments are organizing a score of people to write articles criticizing the "River Elegy."

The Writers Continue To Make Exploration

Despite pressure, the writers and director of the "River Elegy" have never stopped their explorations, and many men of insight have also supported them in doing so. They attended a discussion held in Shanghai in the second half of July on the "River Elegy." They also plan to write an important article explaining why they wrote the "River Elegy," and how it serves reform and opening up. They believe that the "River Elegy" is a measure which will gauge the level of democracy in the state, and the capability of the masses in withstanding reform and opening up. The fate of the "River Elegy" will predict the fate of reform and opening up.

It is obvious that the writers of the "River Elegy" have determined to make explorations in the direction charted by themselves. To them, a real cultural exploration will shake the soul of the whole nation. Thinkers must think together with the people.

Writers Urged Not To Succumb to Commercialism
OW1811015288 Beijing XINHUA in English
1534 GMT 17 Nov 88

[Text] Beijing, November 17 (XINHUA)—Literary writers in China should maintain their independent personality and thinking in the face of commercial temptations, an official of the Chinese Writers' Association said here today.

Speaking at the opening ceremony of the association's annual council meeting, Tang Dacheng, secretary of the association's Communist Party Committee, said once literary and art works enter the "cultural market", they take on the characteristics of other commodities. But there is still a lot of difference between literature and commodities.

Literary works, he noted, meet the spiritual needs of the people and produce social effects in many ways. "To totally commercialize such products is a shortsighted practice and therefore not desirable at all."

Tang warned, "A matter of paramount importance to all writers is that they must maintain an independent personality and freedom of thought so as to bring their [words indistinct] into full play. Artists who work for money or vanity are by no means free."

He called on the Chinese Communist Party and the government to work out relevant plans for cultural development, and necessary cultural and economic policies in a bid to foster the country's cultural undertakings.

Deputies to the fifth congress of the China Federation of Literary and Art Circles, which closed last Saturday, made the same appeal.

Culture Minister Wang Meng said literary works reflect their authors' actual attitude toward the country's ongoing reforms no matter whether they wish it or not. Writers always influence public opinion through their writings or other means.

Cultural life in China, he noted, is richer and more colorful than ever before. But there is still a great disparity between the country's material production and cultural construction. He hoped his colleagues would be more concerned with the latter because "modernization cannot be based on ignorance and poverty."

Wang dismissed the notion that literature should express "the evil in human nature", adding that all writers must have a sense of social responsibility, because literature is a social and collective undertaking, after all.

Besides listening to a report on the council's work in the last two years, council members will also discuss, during the three-day meeting, a preliminary plan for reform of the association's organization and discuss matters relating to the convening of the association's fifth national conference.

Veteran Revolutionaries Mark Liu Shaoqi Birthday
OW181131588 Beijing XINHUA in English
1307 GMT 17 Nov 88

[Text] Beijing, November 17 (XINHUA)—Some veteran revolutionaries and other leading personages including President Yang Shangkun in Beijing gathered here today to mark the 90th birthday of Liu Shaoqi, late president of the People's Republic of China.

The history of the People's Republic cannot be written omitting the name of Liu, who made immortal contributions to the party construction and the workers' movement, said some participants who used to work with the late president.

Liu was elected chairman of the Standing Committee of the First National People's Congress, China's Parliament, in 1954 and president of the People's Republic of China in 1959.

He was vilified during the Cultural Revolution (1966-76) and died in 1969 at the age of 71.

Liu was rehabilitated as a great Marxist and proletarian revolutionary in 1980.

The participants noted that, as a Marxist theorist, the theoretical viewpoints he advanced are still relevant today. They include his views on the socialist transformation, education system, coexistence of different types of economic systems, state industrialization, cooperative economy, free markets, and the responsibility system.

They pointed out that Liu's work, "How To Be a Good Communist" is still valuable for party building.

"Liu did not win respect from people only because he used to be a leader, but also because he spent most of his time together with common people and knew their sufferings," said Liu's widow Wang Guangmei. "Therefore, the people will never forget him."

In memory of the late chairman, a documentary film, "It Is the People Who Write History" and a picture album, "Liu Shaoqi, Chairman of the People's Republic" will soon be released.

Documentary Praises Liu

HK1811054188 Beijing RENMIN RIBAO in Chinese
12 Nov 88 p 3

[Report: "Documentary on Liu Shaoqi To Be Shown To Mark His 90th Birth Anniversary"]

[Text] On the eve of the 90th birth anniversary of Comrade Liu Shaoqi, the Central Newsreel and Documentary Film Studio completed the filming of a documentary entitled "Fortunately History Is Written by the People"—a remark made by Comrade Liu Shaoqi when he was distressed. This film is going to be shown nationwide very soon.

The documentary opens with a shot of Liu Shaoqi presiding over the 1959 National Day gala in the capacity of state president. It then presents the audience with a great deal of source material, reviewing Liu Shaoqi's life from a rural teenager to a strong communist fighter and a leader of the CPC and the state.

With the "Great Cultural Revolution" starting in 1966 as a turning point, the documentary objectively and truly represents the tragedy of a miserably persecuted Liu Shaoqi. The film contains many shots and photos that have never been revealed before, showing the audience the bare facts of history.

State Council To Disribute Regulations to Public

HK1811015388 Hong Kong HONGKONG STANDARD
in English 18 Nov 88 p 6

[Text] Beijing: The State Council is stopping issuing regulations on restricted official red letterhead paper and will now have them printed and distributed to the public.

Regulations governing relations with foreign companies and businesses will also be printed and circulated in the mass media, to help foreign businessmen understand Chinese policies.

The decision was announced by Huang Shuhai, State Council deputy director of legislative affairs, at a symposium on regulations.

In the past, all State Council regulations were issued in documents with red characters designating them as restricted.

The publication of regulations signed by China's premier will help the people learn what they are expected to follow or enforce.

Their legal rights and interests will also be made clearer, Mr Huang said.

The Xinhua publishing house will regularly publish collections of government regulations, including those that may not appear in newspapers and periodicals, he added.

Some Officials 'Contemptuous' of Building Curbs
HK1811012988 Hong Kong SOUTH CHINA MORNING POST in English 18 Nov 88 p 10

[By a staff correspondent]

[Text] Several Chinese officials are openly contemptuous of Beijing's policy to curtail capital construction.

"They can tell us what they'd like," said one. "The officials above (the central authorities) have the policies, but the officials below (the local governments) have counter measures.

"The most likely development is that most of the contracts originally destined to be money-spinning hotel projects will be changed into government or semi-official dormitories with the foreign partners contributing a little more than they had originally agreed upon."

Another official said: "I'd only agree that the 13 projects officially said to have been cancelled are only temporarily suspended."

He also said while the Chinese officials described the 13 joint ventures as being between China and foreign partners, none of them involved non-Chinese.

They were mostly Overseas Chinese or Hong Kong businessmen, who since the news broke, were particularly cautious when approached by the press.

These so-called "foreign" partners fell into three categories, as far as mainland China was concerned.

Firstly, there was the group of genuine Hong Kong Chinese businessmen and Overseas Chinese who were interested in China trade.

Secondly, there was the group of mainland Chinese investors who set up companies in Hong Kong and were often officially listed. They operated as Hong Kong companies though they were, in some cases, subsidiary firms of mainland conglomerates set up for the purpose of doing trade with the outside world.

Thirdly, there was the group of mainlanders who came with huge capital looking for Hong Kong businessmen as their agents.

These people remained in the background and reaped the benefits if the going was good, but should problems arise, they always shifted the blame to the local people.

Guangdong Province, said another official, was particularly aggressive in pursuing the policies dictated by the central government. "After all, we are too far away from central authorities and we have to show that we are following the dictates of our leaders", he said.

This was corroborated to a certain extent by a Hong Kong commercial group which recently visited China. "We haven't heard of any of our joint ventures that have been affected", one of the delegates said.

But the group was watching closely one particular joint venture, which, though a capital investment construction project, had nothing to do with hotel ventures. "We should know in a few days whether that deal is affected", he said.

The joint venture he referred to will go ahead. "But I'm afraid we have to re-negotiate the payment terms, with them putting in more capital because of the squeeze by our bank (the People's Bank of China) on our credit", one source said.

Many small Hong Kong businessmen who have been dealing with China for several years are afraid to comment, though privately they have been extremely critical of those so-called "maternal uncles" and "maternal cousins" not only for their "uncouth manner" and "unsophisticated" way of dealing with the "civilised" business world but also of their rather condescending attitude towards the traditional traders.

In some way the local businessmen are also resentful of the benefits their "rivals" have accrued since the central leadership decided to "decentralise" the monopoly on foreign trade.

The established Chinese equivalent of the old "hongs"—the China Resources, the Bank of China, the China Travel Service, the China Merchants Steam Navigation, the China Arts and Crafts—and some of the new

"hongs" such as the China International Trust and Investment Corporation and the Everbright were far less involved in the current rectification campaign, one official said.

In fact, many of the smaller "China" companies, set up with or without provincial or central approval, may be merged into some of the "hongs", notably the China Resources as one local newspaper report had it.

Zhao Ziyang Honors Deceased Veteran Cadre
OW1811043788 Beijing Domestic Service
in Mandarin 1030 GMT 17 Nov 88

[From the "National Hookup" program]

[Text] A ceremony was held this afternoon at the auditorium of the PLA General Logistics Department to pay last respects to the remains of Comrade Tan Zheng, outstanding party and army leader, exceptional proletarian revolutionary and military expert, and former adviser to the Military Commission of the CPC Central Committee.

Wreaths were received from the CPC Central Committee; the Central Advisory Commission; the Central Discipline Inspection Commission; the NPC Standing Committee; the State Council; the Central Military Commission; the Supreme People's Court; the Supreme People's Procuratorate; the CPPCC National Committee; the Ministry of National Defense; all general departments, services, arms, and military regions of the PLA; and party and government organs of Hunan Province and Xiangxiang City. Wreaths were also received from Zhao Ziyang, Deng Xiaoping, Yang Shangkun, Li Peng, Chen Yun, Wan Li, Li Xiannian, Peng Zhen, Deng Yingchao, Xu Xiangqian, Nie Rongzhen, Qiao Shi, Hu Qili, Yao Yilin, and Wang Zhen.

Among those paying last respects to Comrade Tan Zheng's remains were Zhao Ziyang, Yang Shangkun, Wan Li, Qiao Shi, Hu Qili, and Yao Yilin.

Comrade Tan Zheng was a native of Xiangxiang County, Hunan Province. He had outstanding meritorious deeds, enjoyed high prestige and universal respect, and devoted his lifetime energies to the revolutionary cause of the Chinese people.

Following the ceremony, Yang Baibing, director of the PLA General Political Department, who was a responsible person of the Funeral Office, escorted Comrade Tan Zhen's remains to the crematory along with other comrades and the bereaved family.

Li Tieying Encourages Students Studying Abroad
OW1811082588 Beijing Domestic Service
in Mandarin 1030 GMT 17 Nov 88r

[Text] According to a XINHUA NEWS AGENCY report, Li Tieying, state councillor and minister of the State Education Commission, recently presided over the 13th plenary and enlarged meeting of the State Education Commission. The meeting studied the problem of further improving the work of students studying abroad.

Li Tieying stressed at the meeting: The policy of sending students abroad to study is one of the major parts of the general principle and policy of our country's reform and opening to the outside world. We should be farsighted on the problem of sending students to study abroad; we should not only set our sights on the need of our country's current construction, but also link the policy of sending students abroad with our country's striving to occupy an advantageous, strategic position in the world in the 21st century.

Lie Tieying pointed out: One of the important current tasks, as well as for some time to come, is to help returned students solve the problem of employment and problems in their daily lives.

The meeting proposed to further broaden the employment scope for returned personnel, and implement the principle of circulation of qualified personnel, fair competition, and two-way selection.

The meeting also proposed concrete opinions on methodically establishing a number of research institutes and laboratories, on creating and arranging highly professional and technical positions for returned personnel, and on solving their living conditions.

CPPCC Vice Chairman Named Honorary Chairman
OW1711075488 Beijing XINHUA in English
0131 GMT 17 Nov 88

[Text] Beijing, November 16 (XINHUA)—Qu Xu was chosen to be honorary chairman of the Revolutionary Committee of the Chinese Kuomintang (RCCK) here today.

The decision was made at a plenary session of RCCK's 7th National Congress. Meanwhile, Pei Changhui and Zhao Zukang were chosen as its honorary vice chairmen.

Qu, 92, now vice chairman of the National Committee of the Chinese People's Political Consultative Conference, resigned his post as RCCK Central Committee chairman at the end of 1987.

According to the new RCCK's election procedures, members and alternate members of the Central Committee will be elected from a number of candidates greater than the number of posts.

National Economy Shows Signs of Improvement
HK1811080388 Beijing CHINA DAILY in English
18 Nov 88 p 1

[By staff reporter Guo Zhongshi]

[Text] China's national economy, according to the State Statistical Bureau, showed obvious signs of improvement last month in the wake of the government's attempt to curb "abnormal phenomena" in the country's economic life.

The buying panic which swept major cities began to die down, indiscriminate price hikes came under control, institutional purchases dropped, urban and rural residents' savings climbed and exports increased, the bureau's data show.

However, the good news was accompanied by concerns and worries as the over-heated industrial growth continued and as inflation and high demands worsened. The cost of living in major cities was still going up, salaries and bonuses rose sharply, the enthusiasm for investments in large-scale fixed assets has yet to cool down and the foreign trade deficit expanded.

The general financial situation, therefore, did not warrant optimism, according to the bureau's monthly report issued for October.

Last month saw the lowest increase rate in the total commodity retail volume in three months.

Although the figure was higher than that in the same period of last year, it showed a 7 percent drop over September of this year, said the report.

Thanks to the stricter controls, the illegal price increases that were rampant several months ago are no longer common. Durable consumer goods were put on markets at comparatively stable prices, the report said.

Meanwhile, savings deposits in banks by urban and rural residents revived from a 2.6 billion yuan fall in August to a 7.2 billion yuan rise last month, the report said.

China's exports in October increased by \$230 million over the previous month to reach \$4.24 billion. Imports, at \$4.6 billion, were \$360 million below the September figure.

But, the report said, from January to October, the total foreign trade deficit was \$1.27 billion yuan larger than in the first 10 months of last year.

The bureau called special attention to the continuously rising prices, particularly for food. In October, the prices of grain, vegetables and non-staple food such as meat, eggs and milk rose respectively by 14.4 percent, 51.5 percent and 40.5 percent compared with the same month last year.

The cost of living in 32 of China's major cities last month increased by 1.5 percent over the previous month and by 31 percent over the same month last year.

Total industrial output value reached 108.1 billion yuan, 20.4 percent higher than the figure for September, showing that the overheated economic growth has yet to be brought under full control, the report said.

Sharp increases in salaries and bonuses in October added to inflation. According to the report, a total of 19.9 billion yuan was issued as salary, an increase of 29.3 percent over the same period last year. Meanwhile, bonuses topped 3.12 billion yuan, 63.4 percent above the same month last year.

Editorial Hails Trade Union Congress
HK1811064788 Beijing GONGREN RIBAO in Chinese
22 Oct 88 p 1

[Editorial: "Making New Contributions to Overall Deepening of Reforms—Greeting the Opening of the 11th National Congress of Chinese Trade Unions"]

[Text] The 11th National Congress of the Chinese Trade Unions, which the hundreds of millions of workers throughout the country and the vast number of trade union cadres ardently look forward to and cherish deep interest in, will solemnly open today in Beijing. We extend our warmest congratulations to the congress!

In the 5 years since the 10th trade union congress, the trade unions in our country have made continuous advances and have played an increasingly important role in state and social affairs. In this period, trade unions at various levels organized and united the entire working masses, including both physical and intellectual workers, to take an active part in reform and construction and bring the role of the working class as the main force into full play. At present, our reforms have entered a crucial stage of all-round and in-depth development. The 3d Plenary Session of the 13th CPC Central Committee made comprehensive and profound analysis of the current political and economic situation, formulated the guiding principles and concrete policies and measures for the comprehensive and in-depth reforms, and decided to shift the focus of the reforms in the next 2 years to improving the economic environment and the rectification of the economic order, thus advancing the reforms in an orderly and well-coordinated way under the unified leadership of the central authorities. Under this situation, the Chinese working class will shoulder heavier duties. The comprehensive and in-depth reforms will rely on the enthusiasm, initiative, and creativity of the entire working class. The trade unions in our country must adapt themselves to the new requirements of the situation, more effectively play a positive role, further tighten their ties with the working masses, and make new contributions to the comprehensive and in-depth reforms.

The working class is a class of political insight, and should be able to correctly perceive and understand the situation. At present, in the process of our advances, we indeed encounter some problems which brook no neglect. The salient problems are the obvious existence of inflation and the excessive price increases, and the corruption among some functionaries in various party and government institutions. The masses are concerned with and worried about the existence of these problems, and are very resentful of the negative and corrupt phenomena. Their sentiments are quite mature and reasonable. However, we should have a well-rounded view of the situation and should make a scientific analysis of the situation. Reform and opening up have brought historical changes to our country, and this is an obvious fact acknowledged by the whole world. The whole people and all workers have benefited from reform. This can actually be felt by everybody. When appraising the situation, we should not neglect this basic and most important aspect at any time. The current problems we are facing are caused by various loopholes in the transition from the old systems to the new ones and before the complete establishment of the new systems. They are by no means the inevitable outcome of reform. On the contrary, the settlement of these problems must rely on the comprehensive and in-depth reforms, on the acceleration of the transition process from the old to the new, and on the struggle against corruption. Trade unions at various levels should take the publicity of the spirit of the 3d Plenary Session of the 13th CPC Central Committee as their most important task. They should conduct education in vivid and effective forms among the working masses, realistically and clearly affirming the achievements, revealing the difficulties, explaining the measures, and depicting the future prospects so as to unify all people's thinking and increase their confidence.

The working class should use their action to firmly support and actively participate in the improvement of the economic environment and the rectification of the economic order. After the 3d Plenary Session of the 13th CPC Central Committee, the party central leadership and the State Council made firm determination and timely arrangements. Many concrete policies and measures for improvement and rectification have been worked out or will be worked out. Party and government institutions at various levels have also taken action. The situation is gratifying and inspiring.

However, to improve the economic environment and rectify the economic order, especially, to fight against the corrupt phenomena among some party and government officials, we cannot merely rely on the measures laid down by the upper authorities for investigating, checking, and punishing those involved in irregular activities, because this is not enough. We must also rely on the supervision, exposure, and resistance by the masses, and must build the mechanisms of social supervision to eliminate all soil for corruption. Trade unions should give full play to their role in organizing democratic

participation and social supervision, should mobilize the working masses to expose corrupt phenomena, resist unhealthy tendencies, and check their spread.

The most important link in the comprehensive and in-depth reforms is to carry out enterprise reform in depth and to improve the economic results of the enterprises. Only when a large number of enterprises, especially the large and medium-sized state-owned enterprises continuously raise their productivity can there be a solid foundation for the improvement of the economic environment and the rectification of the economic order. In the process of carrying out in-depth enterprise reforms and improving enterprises economic results, the main force is the working masses of the enterprises. All workers in the enterprises should cherish a sense of responsibility as masters of their enterprises to take part in the enterprise reforms, show concern for the future and destiny of their enterprises, link their personal interests with the business results of their enterprises, participate in all activities for improving the internal management mechanisms of the enterprise, strictly observe discipline, remarkably fulfill their work norms, achieve better business results through improving management and technology, and try by every possible means to strive for high and better economic results.

We have met with many difficulties in our revolution and construction in the past. The most important reason why we were able to surmount these difficulties is that we rely on and give play to our political advantages. The whole party and the whole people could work with one heart and one mind and act in unison under the party's leadership. At present, in order to solve the existing problems and implement the important policy decisions made by the 3d Plenary Session of the 13th CPC Central Committee, we must continue to rely on our political advantages. The improvement of the economic environment, the rectification of the economic order, and the comprehensive and in-depth reforms must all rely on the unified leadership of the party central body. The Chinese working class and trade unions always firmly believe in and support the leadership of the party central body. In the past years of revolution and construction, our trade unions at various levels always paid close attention to bringing their "bridge" role into play by attracting and organizing the working masses closely around the party. Under the new situation, our trade unions should sum up their experience in this regard and carry forward their glorious traditions. This will certainly make the working class and the trade unions a completely trustworthy backbone force.

We wish the 11th trade union congress every success!

Commentator on Trade Union's Role in Reform
HK1811063588 Beijing JINGJI RIBAO in Chinese
22 Oct 88 p 1

[Commentator's article: "Giving Play to the Role of Trade Unions in Reform and Construction—Greeting the Opening of the 11th National Congress of Chinese Trade Unions"]

[Text] Today, more than 1,500 delegates of trade unions from all parts of China gather in Beijing to hold the 11th National Congress of Chinese Trade Unions. We wish

every success to this congress, and hope that the congress will promote trade union reforms, and will unite and mobilize hundreds of millions of workers in the whole country to play an active part in modernization construction and act as the main force in the all-around and in-depth reforms.

The 11th National Congress of the Trade Unions is held at the crucial juncture in the all-around and in-depth reforms in our country. Not long ago, the 13th CPC Central Committee held its third plenary session. It correctly analyzed the current political and economic situation in our country, and put forward the tasks of improving the economic environment, rectifying the economic order, and carrying out all-around and in-depth reforms. This is an important strategy decision that has a decisive bearing on the future of our modernization construction and on the future of our Chinese nation. The in-depth development of reforms in our country will rely on the enhancement of enterprise productivity, the improvement of the economic environment, the rectification of the economic order, and the maintenance of the stable social conditions. All this relies on the understanding and support of the workers throughout the country and relies on the participation and hard work of the workers throughout the country. The complicated situation and the arduous tasks in the all-around reforms require the trade unions in our country to face many new questions and new tasks. It is hoped that through the convention of the 11th National Congress of the Trade Unions and through the guidance and organization of trade unions at various levels, the workers throughout the country will be mobilized to implement the spirit of the 3d Plenary Session of the 13th CPC Central Committee, will unify their thinking and action to safeguard the overall interests of reform, to make joint efforts to increase production and practice thrift, and to make greater contributions to the great cause of reform. At the same time, the trade unions will fully play their role in coordinating various social contradictions and exercising social and mass supervision.

The all-around and in-depth development of reform has set new and higher requirements for the work of the trade unions. An important topic for discussion at the current trade union congress is to study and formulate the objectives, principles, and requirements for the trade union reforms so as to advance the trade union reforms in depth. The continuous in-depth development of the reforms have caused further diversification of social interests and made social contradictions more complicated; and the political structural reform has also put forward the task of building socialist democracy. All this objectively requires the trade unions to carry out their social functions better. In particular, during the in-depth stage of the price and wage reforms, how to correctly handle various interest contradictions has become an issue that the trade unions cannot evade. In order to positively and steadily advance the trade union reforms, at present, we should, on the one hand, further clearly define and understand the social functions of the trade

unions, rationalize the relationship between the trade unions and the party and government institutions, and enable the trade unions to act independently. This needs the support and cooperation of party and government leading bodies at all levels. On the other hand, it is necessary to strengthen grass-roots trade unions and take this as the central link in the work of the trade unions, and reform the organizational system, cadre management system, and activity forms of the trade unions. The trade unions should be built into democratic mass organizations loved and trusted by the working masses and functioning as a "bridge" between the party and the masses.

The objective is clear; the tasks are arduous; and the prospects are bright. We hope that the 11th National Congress of the Chinese Trade Unions will be completely successful, and we look forward to new developments and breakthroughs in the Chinese labor movement and in the work of the trade unions.

1st Quarter Industrial Growth Figure 'Inflated'
HK1811000988 Beijing CEI Database in English
17 Nov 88

[Text] Beijing (CEI)—The figure of China's industrial growth in the first quarter of this year has been inflated by some 4.4 percent, according to calculations made by the State Economic Information Center. The actual growth rate should be 12.3 percent.

The center holds that the rapid industrial growth rates registered since 1984 were inflated by an average of 2.5 percent.

The causes of such inflation are: The total output value of some products are calculated at the current prices instead of the invariable prices. Some enterprises changed the packages or specifications of their old products and pass them off as new products the prices of which are not under state control. Also, in recent years in enterprises which formed lateral ties with other enterprises there were often repetitive calculations.

National Economic Reform Seminar Held
HK1711050388 Beijing RENMIN RIBAO
in Chinese 11 Nov 88 p 5

[Report by Jiang Yingguang (5592 2503 0342): "Show Concern for, Participate in, Study, and Promote Reform—Sidelights on the National Seminar on Theories Regarding Economic Restructuring"]

[Text] A national seminar on theories regarding economic restructuring cosponsored by the Propaganda Department of the CPC Central Committee, the State Commission for Restructuring Economic System, and the Chinese Academy of Social Sciences was held in

Beijing in early October. During the seminar the participants had a lively discussion and presented some noteworthy opinions on basic theoretical questions concerning the improvement of the economic environment, the rectification of the economic order, and the all-around in-depth development of reform, as well as questions concerning the orientation of reform and the relevant policies.

China Has Entered a Crucial Stage of Comprehensive In-Depth Development of Reform

The participants in the seminar held that China has now entered a crucial stage of comprehensive in-depth development of reform. The main characteristics of this period are: first, there will be more conflicts between the new and old structures during the transition from the old to the new; second, there will be an increasing need for the introduction of comprehensive supporting reforms as the reform has developed from the stage of separate breakthroughs in individual fields to a stage of overall development; third, the reform is getting more and more difficult as it is developing from lower to higher levels; fourth, the establishment of a new order of the commodity economy has now turned out to be an essential task as the reform is switching from the stage of breaking with the old to that of establishing the new; and fifth, now that the reform has encountered considerably high inflation, it is necessary to make great efforts to improve the economic environment. The participants in the seminar agreed that as the reform is now at the crucial stage, it is necessary to correctly view and analyze the present situation in the reform; while acknowledging the achievements made by the reform, one must analyze the existing difficulties and problems based on facts, evaluate and study the reform against a broader background and from a higher plane, be actively involved in the reform, and make concerted efforts to expedite the reform.

Be Fully Aware of the Protracted Nature of the Process of Establishing the New Structure of Planned Commodity Economy

Some participants noted the fact that China established its socialist system on the ruins of the old feudal system. Over the past 30-odd years, China has built up a strict product economy structure. Switching from the product economy structure to the commodity economy structure may be still more difficult than switching from the natural economy to the commodity economy. Practical experience has shown that short- and medium-term targets must not be set too high in the reform. In this regard, the theory on the socialist planned commodity economy, the theory on the initial stage of socialism, and the theory on the productive forces criterion are our three theoretical bases. The theory on the commodity economy sets the orientation for the reform and fixes the long-term goal; while the theory on the initial stage of socialism and the theory on the productive forces criterion define the fundamental prerequisites for the reform—on the one hand they explain why reform is

necessary and urgent and, on the other, regulate the process of reform and making the new structure, determining that the targeted reform model cannot possibly be achieved in a short time and the medium- and short-term targets of reform can only be some limited or moderate ones.

Understand Comprehensively and Handle Correctly the Relations Between the Improvement of the Economic Environment, the Rectification of the Economic Order, and the Full and In-Depth Development of Reform

Participants in the seminar held that the guideline laid down by the central authorities calling for the improvement of the economic environment, the rectification of economic order, and the full and in-depth development of reform is a complete guideline. The key problem that we are facing in the reform at present is that we must reduce the excessive demand that has kept on increasing over the past few years, slow down the growth rate which has increased too rapidly, bring the constantly increasing inflation under control, dismiss the price rise panic among the public, try to establish a basic balance between the aggregate supply and the aggregate demand step by step, and thus create a relatively favorable economic environment for reform. Otherwise, we may miss the good opportunity for reform and delay the reform process. But this does not mean that reform should be halted or that China should turn back to the old structure. On the contrary, only by launching a full range of supporting reforms in various fields will we be able to fulfill our goal in improving the economic environment and rectifying economic order. The improvement of the economic environment, the rectification of economic order, and the full and in-depth development of reform should be linked together by such a relationship in which they will help each other progress and regulate each other. None of the three aspects should be neglected in practical work.

The Issues Concerning Agriculture and Rural Areas Should Draw Great Attention

Some participants noted that researchers have shown less interest in the issues concerning agriculture and rural areas in the past few years, and this tendency merits great attention. The pace in the rural reform has been slowed down since 1984. Investment in agriculture has decreased and the peasants have displayed less enthusiasm in production. This is an important factor contributing to the stagnation in agricultural production and to the present short supply and price increase as well. They believed that if agriculture is to be further boosted, it will be necessary to give full play to the peasants' initiative in farming, especially in growing grain. In this connection, it is necessary to adopt the following measures: 1) The unreasonably low prices of agricultural products must be raised gradually through price reform; 2) the circulation structure must be reformed so that the contradiction between the dispersion of hundreds of millions of individual peasants and the ever growing domestic and international markets can be resolved; 3) a social service

system must be set up so as to invigorate the system of contracted responsibility on the household basis with remuneration linked to output and to encourage the peasants to introduce large-scale farming on a voluntary basis through the commercialization of the right of using land; and 4) township and town enterprises should be further developed to properly accommodate surplus agricultural labor force and speed up the urbanization of rural areas.

The Core of the Full and In-Depth Development of the Reform Still Rests on Deepening the Enterprise Reform

Many participants pointed out that the operation to improve the economic environment and rectify economic order must never affect our efforts to invigorate existing enterprises, especially large- and medium-sized enterprises under the ownership of the whole people. To improve the economic environment we must restrain the overexpanded demand on the one hand and, on the other, increase effective supply. The positive significance of these practices lies in the fact that they are to increase effective supply by invigorating enterprises. The participants holding to this view emphasized that the core of the full and in-depth development of reform still rests on deepening enterprise reform. The term "core" implies that one must not carry out enterprise reform alone but must initiate a full range of supporting reforms; in other words, one must launch supporting reforms regarding macroeconomic control, with invigoration of enterprises as the core. The majority of the participants agreed that in the next 2 years, enterprise reform should be focused on the improvement of the contracted system and, on this basis, various forms of the joint stock system will be put on trial in a planned way at different levels. The contracted system and the joint stock system are compatible—the former carries within itself the seeds of the latter, and enterprises practicing the joint stock system can introduce the contracted system as well. But, the joint stock system should only be implemented step by step and no precipitate act should be allowed.

The Political Structure Must Be Reformed Accordingly

The participants in the seminar noted that a corresponding reform of the political structure badly needs to be introduced along with the improvement of the economic environment, the rectification of the economic order, and the full and in-depth development of reform. The issue of "official profiteering" will not be resolved once and for all, so long as the issue concerning commercialization of power remains unsolved and some party and government organs, as well as a small number of "officials," continue to interfere in the operation of the commodity economy and seek private interests through official power. Faults in the decisionmaking process in reform and the shortsighted tendency on the part of society including the government can be hardly avoided,

so long as the nondemocratic practice of making decisions arbitrarily without following set procedures continues. Some participants suggested an adjustment of the functions of the people's congress and the government and the surrender of the power of assets control and currency issuance by the government to the people's congress. They called for stepping up the development of the legal system and the introduction of a scientific, democratic decisionmaking procedure. They urged the departments concerned to formulate as soon as possible the company law, the law on investment, the budget act, the financial law, the law on market, and the antitrust law, as well as some other laws with a purpose of banning the malpractice of seeking private interests through official power and other illegal ways of competition.

Rural Economy Shifts to Commodity Orientation

OW1611050588 Beijing XINHUA Domestic Service
in Chinese 0746 GMT 12 Nov 88

[By reporters Zhao Huazhou and Jiao Ran]

[Text] Beijing, 12 Nov (XINHUA)—The decade of reform has brought about a historical change in China's rural areas. Rural economy, for centuries characterized by self-sufficiency, is gradually shifting onto the planned commodity economy track in which market information decisively effects the economic activities of hundreds of millions of peasants.

In the more than 20 years since New China's founding, despite the fact that collectivization was increasing the agricultural production scale, rural commodity economy growth and development was suppressed. This was because the unified and mandatory purchase system left little room for the market mechanism to play its role, and the strict implementation of a policy of disparity between urban and rural areas in terms of job opportunity, household registration, and education. China's rural areas remained in a closed-door state of self-sufficiency or semiself-sufficiency.

In a certain sense rural reform, including its first and second phases, started after the 3d Plenary Session of the 11th CPC Central Committee has been no more than an effort to open the road for commodity economy development. The household-based contracted responsibility system has established a new property relationship, the main feature of which is that rural households can now possess the means of production. This has created a primary prerequisite for rural commodity economy development. The 1985 agricultural products unification and mandatory purchase system reform greatly expanded market regulation scope. This has again created a favorable condition for peasants to develop commodity production.

On what basis do we claim that China's rural economy has begun to get onto the commodity economy track? Experts have explained the following points:

The agricultural products market has expanded and the agricultural and sideline products commodity rate has increased. State-provided statistical data indicates that in 1987 the rural industrial and agricultural products commodity rate increased from 53.7 percent in 1978 to 69 percent, of which marketable agricultural and sideline products rose from 45.2 percent to 58.2 percent. Presently each able-bodied peasant is providing an annual average of 416.4 kg of grain, 13.2 kg of cotton, and 21.6 kg of aquatic products to society. Growing correspondingly with commodity rate increases, the urban and rural trading markets with peasants as the principal participants have nearly doubled. Totalling more than 70,000 in number, these trading markets have registered an aggregate transaction sum of 115.789 billion yuan, an increase of more than 8 times over the prereform period. More than 10 million peasants have entered the circulation sector and over 1,150 farm produce wholesale markets have cropped up.

A unified market system has developed and there has been a fairly major breakthrough in the production factors market, long considered a forbidden zone. In recent years farm workers and technologies have been flowing on an unprecedented scale and in diversified ways between urban and rural areas; between east and west China; between economically developed and underdeveloped areas; and between primary, secondary, and tertiary industries. It is estimated that the number of peasants working in cities alone has reached in excess of 15 million. At the same time tens of thousands of urban scientists and technicians have gone to the countryside to impart their technological knowledge. This April the First Session of the Seventh NPC made a constitutional amendment permitting compensated transfer of land use rights. As a result land has also begun to legally enter the production factors market.

There is more space for peasants to engage in commodity production activities, and the production structure is developing from a single agricultural sector in the direction of comprehensive operations of agriculture, industry, commerce, transportation, and construction businesses. Last year the output value of nonagricultural industries, represented mainly by commodity production, reached 475.6 billion yuan, an increase of 6.4 times over that of 1978. A historical change has thus taken place in which the nonagricultural industries output value share of the rural gross social output value has surpassed that of agricultural output value. Village and town enterprises, reputedly a new force suddenly coming to the fore, are noteworthy in particular. In the past decade these rural enterprises have been growing over 20 percent a year, employing nearly 90 million people. In addition they have broken free from the "principle of exploiting local material in three ways" [using, processing, and marketing local materials] and from the principle of leaving the soil but not the village and entering the factory but not the city. Moreover, they have entered not only the domestic but also the world market. Last year

14.3 percent of China's total value of export commodities purchased was contributed by village and town enterprises, which earned \$5 billion of foreign exchange for the state.

Cash, which is the fundamental factor of commodity economy, is taking an increasingly large share in the peasants' income and outlay. At present Chinese peasants' per capita cash income has exceeded 83 percent of their total income. This compares with only less than 30 percent 10 years ago. Peasants spend a great deal purchasing consumer goods. Their spending in consumer goods increased from 39 percent in 1977 to 64 percent in 1987.

Market mechanism has played an even more significant role in regulating agricultural production. A slight change in the comparative earning of each farm product will soon bring about an increase or decrease in production output. The cost-benefit ratio of hogs was between 10 and 20 percent in 1986. As a result peasants butchered a great many sows causing uncertainty in hog-raising. The per mu cost-benefit ratio in growing cotton and rape dropped from 93 percent and 190 percent respectively in 1984 to 66.9 percent and 71.1 percent respectively in 1985. The following year's cotton and rape production dropped significantly. Peasants in Anhui Province have reported that they grow three types of crops and do not grow three other types of crops: They are willing to grow crops that are in great demand on the market, while refusing to grow slow selling crops; they are willing to grow high-priced crops, while refusing to grow low-priced crops; and they vie with each other to grow crops with which they can make a quick profit, while hesitating to grow crops which yield slow returns. All this shows that peasants have heightened their market and commodity awareness, and strengthened their values concepts.

Many economists believe the rural economy has only just begun to develop along the commodity economy path and it will take a long time for a self-supporting economy to truly become a commodity economy. This is because development in various localities remains unbalanced and there is no basic structural change in the self-supporting and partially self-supporting economy in poverty-stricken areas where tens of millions of people still live. The unreasonable price structure, imperfect market mechanism, panic buying of commodities, barriers between one region and another, and other disorderly situations also contribute to the commodity economy's slow development. All these should be major topics in further deepening future rural reform.

Spark Plan Promotes Rural Commodity Economy
HK1611024788 Beijing RENMIN RIBAO in Chinese
11 Nov 88 p 3

[Report: "Spark Plan Promotes Rural Commodity Economy"]

[Text] Beijing, 10 Nov—Since its trial implementation in 1985, the Spark Plan has scored remarkable successes

in China. Over the past 3 years, it has made arrangements for 9,655 demonstration projects at various levels. By the end of 1987, it had completed over 2,500 projects, increasing the output value by 7.4 billion yuan and the profits and taxes by 1.6 billion yuan. This plan has become a banner in promoting technological progress in township and town enterprises and vigorously developing the rural economy.

The Spark Plan gives priority to advanced, suitable technology, improves the rural production pattern, and develops new products. Many of its products have been awarded the titles of quality goods at the national, ministerial, and provincial levels and sell well on the domestic market. Some products, such as Jilin's red ginseng, Henan's huaishan [a kind of herb medicine], Shangyu's air-blowers, and a series of low-alcohol beverages made from cereals, have entered the international markets and enjoyed high reputations. Many projects have yielded unexpected demonstration results and played a promoting role. A technology has often boosted a number of township and town enterprises and helped thousands of households get rich.

The Spark Plan has promoted various forms of association. There are nearly 100 industrial groups and associations of all kinds throughout the country. They have exercised a positive and extensive influence in optimizing the industrial structure.

Attracted by this plan, some 360,000 scientists and technicians in the country as a whole have entered the main battlefield of rural construction and trained 2.5 million technical and managerial personnel for the rural area. They have played a role in encouraging the peasants to foster scientific and technological ideas and developing the commodity economy.

This plan is drawing the close attention of the international community. The United Nations has produced a television film. Many countries have expressed desires and requests to cooperate with the Spark Plan. The World Bank has decided to grant the Spark Plan \$110 million in credit and the United Nations has decided to provide \$600,000 in aid.

The principal reason for its success is that the Spark Plan has, from the very beginning, struck root in the soil of commodity economy, completely relied on the market mechanism to promote its implementation, and sought its own development. In the course of its implementation, the Spark Plan has displayed the following features: 1) It has taken the township and town enterprises as a point of breakthrough. 2) In raising and using funds, it has adopted financial mechanism in encouraging social forces to raise money. 3) The development of "Spark" projects is market-oriented, the technology it plans to develop must be of exploitative and demonstrative value, and the products to be developed must undergo market forecasts and have reliable market

demands. 4) The implementation of the "double flexible" policy has attracted and mobilized a large number of scientists and technicians into township and town enterprises. They have gone to the rural areas to contract for, run, or set up enterprises and to offer technical services at fixed locations, thus promoting a virtuous cycle of scientific and technological progress and economic results.

The Spark Plan has started entering a new stage of raising the level and expanding the scope from its original foundation. The state has decided to take it as a basic policy to be upheld over a long period of time.

Accounting System for Scientific Research Viewed
HK1811064388 Beijing RENMIN RIBAO in Chinese
12 Nov 88 p 3

[Dispatch by reporter Chen Zijia (7115 4371 3946): "Managerial Personnel of Some Scientific Research Institutes in Beijing Hold a Seminar on New Accounting System for Scientific Research Units"]

[Text] The managerial personnel of some scientific research institutes believe that the enforcement of a new economic accounting system in scientific research units is feasible. The enforcement of the new accounting system will help to keep research work in line with the law of value and make it more scientific as well. This view was expressed by the managerial personnel of some scientific research institutes in Beijing at a seminar recently held by the State Science and Technology Commission and the Finance Ministry.

Yi Lingzhao, vice president of the Academy of Railroad Science, said that science and technology are the foremost productive forces. Scientific and technological activities are a type of production activity. Most scientific and technological achievements possess a commodity attribute and have both value and use value. The law of value also plays a role in the scientific and technological field. Zhou Xiaoyin, senior accountant of the Post and Telecommunications Research Institute, and Rui Guoan, vice president of the China Building Material Research Institute, said that economic accounting system used to be a management system enforced only in the enterprises. For many years, the scientific research units have enforced the fund management system practised by the administrative units and undertakings and have been under unified state control in respect to income and expenditure. Such a system has failed to reflect the characteristics of the units and has been detrimental to integrating scientific research with economic development. Along with the deepening of the reform of the structure of the scientific and technological research, the scientific research units will inevitably face competition and experience the switch from the old track to a new one. Therefore, it is all the more necessary for the scientific research units to carry out the reform of their traditional management system and accounting system. Until they enforce the new economic accounting

system and lay real stress on the economic results of their work, the scientific research units will not effectively gear their work to economic development nor adapt themselves to the new situation of the commodity economy.

Most of the units which sent representatives to participate in the seminar have already enforced the new economic accounting system. All the participants at the seminar affirmed the advantages of the new economic system. Zhao Kegong, president of the China Metrology Research Institute, said that the institute is a unit which receives a fixed amount of operation expenses from the state each year. Over the past few years, due to various reasons, they have felt that their operation expenses are far from enough. Since it is difficult for the state to increase its appropriations to them, they have tried to increase their operation expenses by enforcing the new economic accounting system and by tapping their internal potential, broadening their sources of income, and reducing their expenditures. On this basis, this year, the China Metrology Research Institute has also enforced a classified fund management system, established economic accounting units at all levels, and provided logistic services to the scientific and technological work with compensation. As a result, they have fulfilled more state scientific research quotas than before. The enthusiasm of their scientific and technological personnel has been mobilized to a level unattainable in the past. They have also successfully cut back their operation expenses.

In the past, some scientific research units complained that they lacked operation expenses to fulfill their vertical scientific research tasks and gained only a meager profit by carrying out horizontal scientific research. The new economic accounting system will now enable them to eliminate this evil phenomenon.

The enforcement of the new economic accounting system will also help to enhance the economic concept of the scientific and technological personnel. Zhang Lijuan, deputy director of No 54 Scientific Research Institute under the Ministry of Machine-Building and Electronics Industry, and Shen Dizhong, Member of the Science and Technology Commission of Beijing Municipality said that under the past "state supply system" characterized by every unit and everyone eating from the same big pot, scientific and technological personnel always demanded more operation expenses from the state. Now that the new economic accounting system has been enforced, the scientific and technological personnel will certainly cultivate their economic concept and try to increase the economic results of their research work by economizing on operation expenses and reducing expenditures. Qi Fushou, deputy director of the Accounting, Financial, and Administrative Department of the China Academy of Agricultural Sciences, said that the selection of scientific research projects and the designing of a technological line are both concerned with operation expenses. After enforcing the new economic accounting system, the responsible persons of the scientific research units

will no longer make decisions concerning the selection of scientific research projects and the designing of technological line simply by patting their own foreheads. The enforcement of the new economic accounting system will certainly help to improve the management of scientific and technological work and further commercialize the achievements of scientific and technological research.

At the seminar, all the participants discussed problems that might emerge in the process of enforcing the economic accounting system and hoped that those problems will be solved as soon as possible. For example, the logistics departments of some major scientific research academies and institutes should also enforce the new economic accounting system. The operation expenses of clinics and schools of those scientific research academies and institutes should not be included in the cost of the scientific research. The participants also suggested setting a graded and classified depreciation criterion for the depreciation of such fixed assets as instruments and equipment.

Commentator Urges Economic Management
HK1811071188 Beijing RENMIN RIBAO in Chinese
12 Nov 88 p 3

[Commentator's article: "Apply the Law of Value to the Management of Scientific Research Work"]

[Text] In the modern era, scientific research activities and economic activities are more closely related. And the scientific research activities have become increasingly restricted by the law of value. Since the 1960's, a lot of developed countries in the world have introduced the economic accounting system and the system of management through costs into the scientific and technological field. This has become a trend in the development of the modern scientific and technological management.

Insofar as our country is concerned, applying the law of value to the management of scientific and technological work is indeed a new endeavor. For a long time, the scientific research institutes of our country were placed under the management structure characterized by the "state supply system." Under the past management structure characterized by the "state supply system," the state was responsible for appropriating funds to the scientific research institutes each year. At the end of a year, the scientific research institutes would submit their expense accounts to the state and apply for reimbursement. The scientific research findings were transferred without compensation. The scientific research institutes did not carry out economic accounting themselves. Such a management structure characterized by the "state supply system" seriously impeded the development of the productive forces of scientific research.

Along with the deepening of the reform of the scientific and technological structure, notable changes have taken place in the operation mechanism of scientific research institutes. A large number of scientific research institutes

have begun transforming themselves from unitary scientific research units into scientific research operation units and scientific research production operation entities. As a result, these scientific research institutes have broadened their sources of income, turned more technology commodities to the market, and laid greater stress on the economic results of their scientific research. This new situation has called for an immediate change of the traditional management structure of the scientific research institutes and for the establishment of a new operation management structure centered on the economic accounting system.

It is under such circumstances that the State Science and Technology Commission and the Finance Ministry has jointly promulgated "Some Regulations for Implementing Economic Accounting System in Scientific Research Institutes." "Some Regulations for Implementing Economic Accounting System in Scientific Research Institutes" is indeed an important reform measure.

Enforcing the economic accounting system in the scientific research institutes means, in the final analysis, to apply the law of value to the management of the scientific and technological work. By enforcing the economic accounting system in the scientific research institutes, we will be able to scientifically calculate the consumption of human labor and materialized labor, the income, as well as the expenditure embodied in the course of scientific

research through such economic means as cost, price, income, and so on, so as to correctly handle the relationship among the state, the collectives, and the individuals regarding their responsibilities, powers, and interests, give full scope to the value of scientific labor, and further arouse the enthusiasm of the scientific and technological personnel.

Formulating a unified, standardized, systematized, and institutionalized economic accounting system which is suited to the realities in China will be conducive to unifying the diverse practices presently employed by various scientific research units regarding the calculation of cost and profit and the fund management, to bringing order out of chaos in the technology trade, and to establishing a new order for the socialist commodity economy.

Enforcing the economic accounting system in the scientific research institutes is at once a basic task of the reform of the scientific and technological structure and an entirely new endeavor. In the course of enforcing the economic accounting system, the scientific research institutes should actively institute various other reform measures and learn to apply the law of value to the management of scientific and technological work so as to further push forward with the development of science and technology.

East Region

Anhui's Lu Rongjing Views Family Planning *OW1611134088 Hefei Anhui Provincial Service in Mandarin 1100 GMT 11 Nov 88*

[Excerpts] A provincial meeting on family planning publicity has decided that the provincial Family Planning Committee should conduct an education in basic knowledge of population and family planning step by step throughout the province. The meeting also called on cities and counties in every locality to start the education work on a trial basis at chosen points this winter and next spring. Lu Rongjing, secretary of the provincial party committee, urged leading comrades at all levels to show concern for the population issue and do a really good job in family planning in an effective manner.

This year our province has entered the 3d consecutive year of the 3d peak period of births. The birth rate continues to surge. Therefore it is a pressing matter of the moment to learn from the advanced experiences of other provinces and cities in order to do an even better job in publicity and services for family planning in line with our province's realities. [passage omitted on explanation of the education in basic knowledge of family planning]

Lu Rongjing, who was on an inspection tour of Huangshan City, made a special trip to meet with family planning representatives attending the meeting from all localities and delivered a speech. He pointed out: Family planning is an important matter mandated by state policy. It is difficult to carry out but must be done well because it closely concerns the success or failure of our economic development. If population is not brought under control, the development of the national economy and every other undertaking will be adversely affected. He called on leading comrades at all levels to conscientiously integrate the task with local economic development and the building of a spiritual civilization, strengthen their leadership over the task of family planning, and strictly control the natural growth rate of the population under the planned target.

Anhui Leaders Meet Hong Kong, Macao Bankers *OW1711091088 Hefei ANHUI RIBAO in Chinese 9 Oct 88 p 1*

[Excerpts] Responsible comrades of the Anhui provincial CPC Committee and the provincial government, Lu Rongjing, Fu Xishou, Long Nian and Wu Changqi, met with guests from the Bank of China Group at the Taoxianglou Guesthouse yesterday afternoon.

The Bank of China Group is the general term for the 14 banks in Hong Kong and Macao under the Bank of China's administration. All members of the banking group have a history of over 30 years. This banking group is the second largest just next to the Hong Kong and Shanghai Banking Corporation. The Bank of China

Hefei Branch, entrusted by the provincial people's government, invited 16 bankers, including Zhao Bingde, vice chairman of the Bank of China Board of Directors, and Huang Diyan, vice chairman of the Board of Directors and director of the bank's Hong Kong and Macao Administration, to come to Anhui to discuss issues of long-term cooperation with our province.

Lu Rongjing, governor of Anhui and secretary of the provincial CPC committee, briefed the guests on the province's current political and economic situation and natural resources. He pointed out: Anhui has always been a farming province fairly closed to the outside. Tremendous progress has been made since the 11th CPC Central Committee 3d plenary session. However, Anhui still lags far behind the coastal provinces. Right now, supplies are failing to meet demand and prices are soaring rapidly. Inflation has become a big problem, while a chaotic situation prevails in economic construction. All this is harmful to the development of the productive forces in society and the stability of the people's livelihood in the province. The party Central Committee recently called for efforts to improve the economic environment and rectify the economic order. We must also act promptly in this connection. We are studying measures to carry out the guidelines laid down by the party Central Committee and regard it as our major political task. [passage omitted]

He hoped that the Bank of China Group would further expand its cooperation with Anhui and carry out cooperation in various forms and on a long-term basis.

After the party Central Committee put forward a strategic plan for the development of China's coastal region, the Bank of China Group sent out bankers to Jiangsu, Zhejiang, Shanghai, Shandong, and other coastal provinces and cities to discuss the possibilities of further expanding export businesses. Anhui is the first inland province that the Bank of China group has visited. Yesterday afternoon, the guests of the Bank of China Group called on the provincial Planning Commission, the provincial Economic Commission, the provincial Commission for Foreign Trade, and the relevant prefectures and cities to discuss specific projects in promoting economic construction in Anhui.

On the afternoon of 8 October, Vice Governor Long Nian received the guests of the Bank of China Group and briefed them on Anhui's economic situation and prospects for the development of Anhui's natural resources.

Shanghai Leader Meets Hong Kong, Macao Group *OW1711062688 Shanghai City Service in Mandarin 1000 GMT 13 Nov 88*

[Text] At the Hongqiao Guesthouse this morning, Jiang Zemin, Yang Di, Huang Ju, and other leading members of the Shanghai municipal party committee and the Shanghai municipal people's government met with

members of the Shanghai municipal CPPCC Committee from Hong Kong and Macao to hear their comments on what they saw and heard during their inspection in Shanghai.

Present at the meeting were (Hu Siyu), Mao Jingchuan, (Peng Qing), and (Zeng Jiang), members of the Shanghai municipal CPPCC Committee.

During the past several days, the municipal CPPCC Committee members from Hong Kong and Macao inspected certain scientific, technical, cultural, and municipal projects that have enjoyed relatively fast growth.

At the meeting the CPPCC members unanimously maintained that [words indistinct] are essential. They also fully expressed their views on some specific issues and presented their suggestions.

On encouraging the establishment of foreign-funded enterprises in Shanghai, (Lu Heqian) maintained: There should be stronger bonds between industry and trade so that so that neither of them will be on its own [words indistinct]. Foreign trade [words indistinct] enterprises reflect market needs [words indistinct]. Industrial enterprises must keep pace with market needs and avoid unrealistic production.

Member (Liu Haoqing) said: The Shanghai municipal government should handle what is within its jurisdiction and disregard what is not. Control, if too strict, is apt to produce rigidity.

Member (Lin Huishi) said: The central authorities' decision to clean up the economic environment and improve economic order is a timely decision. People today are all very eager to do business. Even students and teachers cannot set their minds on study or teaching. If this tendency is allowed to go on, the results will be serious.

Many members expressed their worries over the reappearance of the theory that study is useless. They said: Proficient people are the first prerequisite for economic development, and education is essential for training proficient people. Effective measures must be taken to solve such problems as teachers' low pay and insufficient education budgets.

(Xiong Zhixing) and (Qiu Jinlan) proposed that people of foresight in society and compatriots in Hong Kong, Macao, and other countries should be encouraged to set up several private schools of high quality in Mainland China without government investment.

The members of the municipal CPPCC Committee also put forward suggestions for improving the investment environment. They said: Making money in Shanghai is hard work. Inadequate communications facilities, poor services, and a defective legal system all have ill effects on foreign investment. They proposed that, in order to

bring in more foreign capital, foreign businessmen should be allowed to make a profit, and that long-term interests can only be achieved by giving up some short-term interests.

The CPPCC members also proposed that the legal system must be improved so that laws are followed and that whoever violates laws will be punished.

The members also expressed their views on problems concerning agricultural production and township enterprises.

After listening attentively to the proposal, Jiang Zemin, secretary of the Shanghai municipal CPC Committee, said: The members of the municipal CPPCC Committee from Hong Kong and Macao are commendable for expressing their views on what they have seen in Shanghai. It is true that onlookers can often see more clearly than those who are directly involved. Jiang Zemin urged Hong Kong and Macao compatriots to be even more generous in giving their advice for China's production, construction, and cultural and educational development.

Jiang Zemin also made decisions on some problems pointed out by the members from Hong Kong and Macao, and promised to study and those problems which cannot be settled for the time being.

As for the problem reported by (Lin Huishi) concerning the exorbitant levies charged by porters at a Shanghai railway station, Jiang Zemin promptly instructed Deputy Mayor Huang Ju to take care of the problem, saying that Huang should be to blame if the problem is not resolved by April next year.

In response to Dr. (Xiong Zhixing's) report that the library he donated had encountered problems when it wanted to recruit a curator publicly, Jiang Zemin said that (Xiong's) wish to recruit the library's curator publicly should be respected.

In conclusion, Jiang Zemin said: The central authorities' decision to clean up the economic environment refers primarily to the requirement that the needs of joint ventures, cooperative enterprises, and foreign-funded enterprises will not be affected because of the needs of domestic enterprises.

Jiang Zemin said countrymen in Hong Kong and Macao should believe that although investing in Shanghai involves some risks, Shanghai is working hard to improve its investment environment.

Commenting on the issue of agriculture, he said this is a very important issue. Food is the people's most basic need. Feeding 1 billion people is a big issue that cannot be ignored. To increase agricultural production will be difficult if we do not increase agricultural investment. Shanghai has attached great importance to this issue.

Zhu Rongji Heads Shanghai Establishment Forum
OW1611131388 Shanghai JIEFANG RIBAO
in Chinese 1 Nov 88 p 1

[Text] Namelist of appointments made by the Standing Committee of the Shanghai Municipal People's Congress (adopted at the Fourth Session of the Standing Committee of the Ninth Shanghai People's Congress)

It is decided to appoint:

Zhu Rongji as (concurrent) chairman of the Shanghai Municipal Establishment Committee;

Wan Xueyuan as secretary general of the Shanghai Municipal People's Government;

Zhang Yan (f) as chairman of the Shanghai Municipal Agricultural Committee;

Wang Naili as director of the Shanghai Municipal Tourism Administration Bureau;

Wang Hongkui [3769 1347 6652] as director of the Shanghai Municipal Religious Affairs Bureau;

Fu Weiguo [4569 5898 0948] as director of the Shanghai Municipal Chemical Industry Bureau;

Cui Shanjiang [1508 0810 3068] as director of the Shanghai Municipal Second Light Industry Bureau;

Xu Guanxiang [6079 0385 1651] as director of the Shanghai Municipal Materials Bureau;

Li Chuanqing [2621 0278 0615] as director of the Shanghai Municipal Technological Supervision Bureau; and

Sun Bin [1327 3453] as director of the Shanghai Municipal Bureau of Culture.

Central-South Region

Hainan Newspaper Censured Over False Report
HK1611061188 Beijing ZHONGGUO XINWEN SHE
in Chinese 0851 GMT 14 Nov 88

[Report by reporter Zhao Shengyu (6392 0524 3768): "A Newspaper in Hainan Is Ordered To Carry Out Consolidation for Carrying a False Report"—ZHONGGUO XINWEN SHE headline]

[Text] Haikou, 14 Nov (ZHONGGUO XINWEN SHE)—A newspaper without any government financial aid—HAINAN JINGJI BAO [HAINAN ECONOMIC NEWS]—has been ordered by the government to carry out consolidation for carrying a false report.

On 1 August, the Hainan provincial government promulgated the "30 Provisions" to encourage foreign investments, which were universally welcomed by investors at home and abroad. However, HAINAN JINGJI BAO frontpaged a news item on 29 September stating that the "30 Provisions" would be revised and repromulgated.

The publication of this story caused great concern among investors at home and abroad. Some entrepreneurs telephoned the relevant department to inquire about the matter.

Hainan's top-level leaders were unable to make head or tail of the story which was seriously at odds with the facts. Xu Shijie, secretary of the Hainan Provincial CPC Committee, said: The publication of this story shows that the reporter and editor did not have rudimentary knowledge. How can a major policy statute be changed at will? The responsible persons from the provincial government Social and Economic Research and Development Center, which was responsible for drafting the "30-Point Provisions," were indignant. The center immediately issued a statement, which was carried in the party organ HAINAN RIBAO, stating that the story about the revision of the "30 Provisions" was sheer fiction.

According to a government source, the story was written by a reporter relying on hearsay and who had not carried out any in-depth investigation, and therefore it was seriously inconsistent with the facts.

However, the newspaper office has not suspended publication because of the reorganization.

Commentary Discusses Henan Tax Administration
HK1711063588 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 16 Nov 88

[Commentary by the news center: "Strictly Enforce the Tax Law and Discipline, Persistently Administer Tax According to the Law"]

[Text] The concept of the tax law in society is now weak and the phenomenon of violating it is fairly prevalent. Some rely on their power instead of the law; rely on their words instead of the law; and alter the tax law as they please. Some places use the method of issuing an administrative order to require tax organs without authorization to collect, reduce, and remit tax according to their own will so that the scope of the reduction and the remission of tax becomes bigger and bigger. In their own interests, some enterprises, institutions, and individual industrial and commercial undertakings try every means to evade and even refuse to pay taxes. Our close attention must be drawn to these problems.

In a country where the concept of the tax law is strong, it is a universal phenomenon that taxpayers submit their tax returns on their own initiative. However, in our

country, including our province, when some taxation cadres go to collect the tax for the state, people have no idea what it is. The violations of the tax law not only reduce state financial revenue, make the apportionment of increased tax unfair, and bring about inflation, but also prevent the tax lever from playing an effective part in macroeconomic readjustment, resulting in the disturbance of the order of the socialist commodity economy.

The tax law was promulgated by the NPC Standing Committee or the State Council empowered by the NPC. It embodies the policies of the party and state. Therefore, in the course of improving the economic environment and rectifying economic order, it is necessary to stress the unification of the tax law, to centralize tax power, to strictly enforce the tax law and discipline, and to persist in applying the law to administer tax. All places, units, and individuals are obliged to pay tax according to regulations and have no power to alter, revise, and indiscriminately expand the scope of reducing and remitting tax. No places nor departments shall retain or misappropriate state tax. In the course of improvement and rectification, the tax department must ensure that it acts according to the law, if any; strictly enforces the law; and investigates and affixes the responsibility for violations of the law.

Guan Guangfu Speaks at Hubei Rural Meeting
HK1711024388 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 16 Nov 88

[Text] The provincial party committee convened a meeting of prefectural and city party committee secretaries from 14 to 16 November to relay the spirit of the national rural work conference and study and make arrangements for rural reforms and economic development, and in particular for winning a bumper harvest next year. The meeting also made arrangements for deepening and speeding up enterprise reforms and improving enterprise economic returns. It also analyzed and studied the question of how to further firm up and gain success in the work of improvement, rectification, and all-around deepening of reforms.

Provincial party committee Secretary Guan Guangfu and Deputy Secretaries Guo Zhenqian, Zhao Fulin, and Qian Yunlu chaired the meeting. Comrade Guan Guangfu made a speech in line with the views discussed by the provincial party committee Standing Committee. Comrade Guo Zhenqian also spoke. Comrade Qian Yunlu relayed the spirit of the national rural work conference.

Comrade Guan Guangfu's speech was in three parts:

1. Seriously implement the spirit of the national rural work conference, vigorously develop agriculture, and deepen rural reforms. Comrade Guan Guangfu said: This national rural work conference was an important meeting convened by the CPC Central Committee and State Council following the 3d Plenary Session of the

13th CPC Central Committee. It was an important component part of the third plenary session's decisions and plans. The central authorities have made a series of important policy decisions on deepening the rural reforms, vigorously developing agriculture, and in particular on striving for a bumper harvest next year and the year after.

In implementing the spirit of the national rural work conference, we must first profoundly appreciate its spirit and unify our understanding. First, we must have a clear understanding of the current rural and agricultural situation, and boost our sense of urgency over developing agriculture. Second, we must fully understand the foundation status of agriculture in the new situation. Third, we must pay great attention to investment in agriculture, stress the importance of increasing investment, including capital and material investment, and formulate specific measures. Fourth, we must base our efforts on the overall situation in handling well the relationship between improvement and rectification on the one hand and developing agriculture on the other, between macroeconomic regulation and control [tiao kong] on the one hand and lifting restrictions and promoting invigoration on the other, and between developing grain and cotton production and promoting diversification.

The most important thing in implementing the spirit of the national rural work conference is, on the basis of profoundly appreciating the spirit of the conference and unifying understanding, to come up with specific and effective measures in line with local conditions, to ensure that the major policies and measures laid down by the central authorities are implemented well in Hubei. In particular, we must do everything possible to win a bumper harvest next year.

The provincial party committee Standing Committee has discussed the following 10 measures: 1) Adopt effective steps to win a bumper grain harvest next year and achieve sustained and steady development of grain production. 2) Strive for increased output and bumper harvest of cotton next year. 3) Stabilize the production of vegetables, meat, fish, poultry, and eggs, to ensure market supplies. 4) Actively promote the steady development of township and village enterprises. 5) Be resolved to increase agricultural investment. At least 60 percent of local floating finances should be invested in agriculture. 6) Devote great efforts to agricultural capital construction, especially in water conservancy, so as to continually improve the production conditions. 7) Persistently promote and deepen the rural reforms. 8) Assign agricultural science and technology work an important place. 9) Strengthen the building of industries serving agriculture, including building and improving chemical fertilizer plants and promoting the output of pesticides, plastic sheeting, and machines. 10) Strengthen organizational leadership in rural work. The party committees and government at all levels must assign an extremely important position to rural work and agricultural production.

2. Deepen and speed up enterprise reforms and vigorously improve economic returns. Comrade Guan Guangfu said: Deepening the enterprise reforms and invigorating the enterprises—especially the large- and medium-sized state-owned enterprises—is the cardinal link in the entire economic structural reform, and is also an important item of basic work for implementing the policy decisions of the 3d Plenary Session of the 13th CPC Central Committee.

The current focal points in deepening enterprise reforms are: 1) Further promote the separation of government and enterprise functions and reform the investment setup, so as to create external conditions for open and self-determined operations by the enterprises. 2) Seriously perfect the contract system and gradually promote the joint stock system. Define the enterprises' property rights and their responsibilities, powers, and interests, so that they will genuinely possess self-development and self-constraining ability.

He specifically gave views on the following 10 aspects:

Insist on separating government and enterprise functions, promote open operations, preserve the enterprises' operational decisionmaking powers, and gradually change the enterprises' appendage relationship with the government into a contract relationship.

Strive to perfect the contracted management responsibility system, and on this basis gradually institute the joint stock system with public ownership as the mainstay.

Properly resolve the problem of enterprises being responsible for their profit but not for their loss, and truly ensure the survival of the fittest.

Carry out reorganization, joint operations, and mergers of enterprises, actively develop enterprise consortia, and optimize the enterprise organizational structure and the composition of the vital elements of production, to create new productive forces.

Link wages to economic returns, optimize the labor composition, and deepen the reforms of the enterprise wage, cadre, and personnel systems.

Optimize management in an all-around way and strive to improve enterprise qualities.

In accordance with the demands of the Enterprise Law, further perfect the reforms of the enterprise leadership setup and harmonize relations between party, government, and workers.

In the course of deepening the reforms, build a vast force of socialist entrepreneurs.

Speed up enterprise technological transformation, strengthen the enterprises' reserve strength, and closely integrate reforms with development.

The party committees, government, and departments must strengthen leadership over deepening the enterprise reforms.

3. The party committees at all levels must promptly study and resolve new situations and problems of all kinds that crop up in the course of improvement and rectification, in comprehensively deepening the reforms, and in economic development, and improve their ability to keep the situation well in hand. We must launch sound education in the situation throughout the province and make efforts to clearly proclaim and explain the achievements, problems, methods, and prospects. We must fully and correctly understand and implement the central policy decisions, insist on dialectical materialism, and guard against metaphysics and one-sidedness.

He also stressed that the more arduous the tasks, the more complex the situation, and the more difficult the work, the more important it is to pay attention to work methods, improve work style, take thought for the masses and the state in everything, and avoid doing things in an oversimplified way.

We must pay great attention to social order work and eliminate certain factors for instability. We must strive to consolidate and develop the excellent political and economic situation in Hubei.

Hubei Agronomists 'To Invigorate' Rural Economy
OW1511224288 Beijing XINHUA in English
0931 GMT 14 Nov 88

[Text] Beijing, November 14 (XINHUA)—The Hubei provincial government is sending agronomists and agricultural technicians to work in rural areas as a way of invigorating the local economy, according to today's "ECONOMIC DAILY."

Since the beginning of the year, more than 48,000 scientifically trained personnel have been sent to serve on 12,000 farms and in 600 rural businesses, in order to add their expertise to production, the paper reported.

Good results have been achieved. In Huanggang County, for example, about 3,000 hectares of rice fields have been contracted to outside agricultural technicians, who gained an increase of 4,100 tons of rice by using hybrid rice varieties, the paper said.

In a commentary accompanying the report, the paper said that, as Communist Party General Secretary Zhao Ziyang recently pointed out, the development of China's agriculture depends on a policy of stimulating incentive on the part of farmers.

The paper also agreed with Zhao's contention that modern farming methods must become more widely used in China and that more government money must be spent on agriculture.

The direct involvement of agricultural scientists in farm operations has proven to be practical, but they must have the support of local governments in their efforts to modernize the condition of China's farms, the commentator said.

Southwest Region

Yang Rudai Discusses Sichuan Capital Shortage
HK1111051788 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 10 Nov 88

[Text] Provincial party committee Secretary Yang Rudai, who is currently carrying out investigation and study in various localities including Deyang, Mianyang, Guangyuan, and Daxian, has given important views on the current shortage of capital. He pointed out: In the present process of stabilizing finances and controlling credit and the money supply, it is essential to seek liveliness amid shortage, ensure that essential projects are carried out and nonessential ones curtailed, and turn the vision inward to tide over the difficulties together. We must avoid indiscriminate belt-tightening which would affect normal capital payments such as for procuring agricultural products and certain other essentials.

The financial system and the various localities in Sichuan have seriously implemented the spirit of the 3d Plenary Session of the 13th CPC Central Committee by exerting great efforts in strictly controlling credit and money supply, striving to tap investment potentials, and readjusting the loan structure. Notable results have been achieved in this work. By the end of October, there was a marked rise in urban and rural savings deposits compared with the end of August. The People's Bank has recovered all short-term loans that are outside the banking and financial structure. Credit loans, loans for township and village enterprises, and the floating capital loans of the Construction Bank have dropped to within the stipulated scope. The work of stocktaking and tapping potentials and a major inspection of credit capital are now unfolding throughout the province.

However, certain banks and credit cooperatives are only calling loans in and not issuing any, with the result that in some places there is no capital for procuring agricultural and sideline products, normal wages cannot be paid, withdrawal of bank deposits cannot be guaranteed, and the problem of reasonable amounts of capital for enterprise production and the purchase of daily essentials cannot be resolved.

in view of the current shortage and problems in capital, Comrade Yang Rudai pointed out that controlling credit and money supply is an important measure for curbing inflation and eliminating overheating in the economy.

Finance is the most effective economic lever and means of macroeconomic regulation and control (tiao kong). We must be skilled at using this means in improving the economic environment and rectifying the economic order. The fact that everyone now feels that capital is short shows that there has been some action in controlling money supply. We must precisely cut unnecessary nonproductive construction and duplicate construction and that portion of institutional purchasing power that constitutes extravagance and waste. The masses will support a continuation of this measure, and production, far from being curtailed, will develop still more steadily and healthily.

However, there are also some problems that merit attention and need solving. That is, we must avoid indiscriminate belt-tightening in not cutting things that should be cut and not ensuring the capital that should be ensured, with the result that agricultural products cannot be procured on time, and the banks cannot open their doors for normal payments, thus stifling credit to death. This does not accord with the spirit of the third plenary session and will bring about contrary results.

Comrade Yang Rudai emphasized: The People's Bank at all levels and the specialized banks bear heavy responsibility for stabilizing finances. They must gain an all-around understanding of the third plenary session spirit and apply it to guide and improve their professional work. They must get a good grasp of clearing and allocating capital in the spirit of cutting some projects while ensuring others and both recovering loans and issuing new loans, so as to invigorate capital.

The urgent task of the financial system is to use capital according to priorities. First, it is necessary to ensure that bank deposits can be drawn. This is the most elementary. It is essential to strive to ensure capital for procuring agricultural and sideline products and paying wages. Next in priority is the floating capital for the production of industrial daily necessities and the funds for preparing for next year's production, and so on. The work must be handled according to this order.

He said: At present there is a lot of capital in society. The banks must raise the credit rate and step up the organization of capital and the withdrawal of currency from circulation. It is necessary to strengthen controls over the raising of capital by enterprises, which must be approved by the People's Bank.

Comrade Yang Rudai said: All localities and units must turn their vision inward by actively organizing deposits, readjusting the credit structure, strengthening money management, tapping capital potentials, and withdrawing more currency from circulation. So long as we truly summon up the resolve, there will still be plenty of margin for capital circulation.

He stressed that it is necessary to further organize the cadres and masses to study the spirit of the third plenary session and conduct extensive and thorough education in the situation, to enable everyone to enhance confidence and boost courage for overcoming difficulties and persisting in reforms. So long as we work in concert to overcome the difficulties on our advance, a new situation is bound to emerge in our economy.

Yang Rudai, Zhang Haoruo View Current Problems
HK1611020188 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 15 Nov 88

[Excerpts] Provincial Party Committee Secretary Yang Rudai and Governor Zhang Haoruo, who are currently conducting an investigation and study at Nanchong, listened on 15 November to a report delivered by the Nanchong Prefectural Commissioner's Office and then gave important views on implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee and on the current problems facing industrial and agricultural production.

Yang Rudai said: In implementing the spirit of the third plenary session, we must be persistent and do the work in an all-around way. We must focus on studying new situations and resolving new problems in conjunction with local reality. For instance, is it necessary to improve the rural economic environment and rectify the rural economic order while carrying out improvement and rectification? The current high and confused prices of agricultural materials are problems in the circulation order. We must grasp a number of appropriate problems such as this for rectification and solution, to promote a turn for the better in the entire economic order.

Discussing the current universal shortage of capital, Comrade Yang Rudai said that resolving this problem mainly means turning our vision inward; it will not do simply to rely on the upper levels to issue paper. He demanded that the banks do everything possible to withdraw capital from circulation. The most important way of doing this is to raise the degree of credit. We must ensure that deposits can be withdrawn. Some units only deposit money without making withdrawals or asking for loans; in doing so they are just stifling themselves to death.

He said: At present there is a lot of capital in society. All localities and units should organize deposits and strive to tap the potentials of capital. So long as we really summon up determination, there is great room to maneuver in capital.

He particularly stressed that the current overriding task in the monetary system is to use capital according to priorities and strive to ensure effective supply. The capital must be used where it will be most effective.

Governor Zhang Haoruo expressed satisfaction with the normal and balanced growth of industrial and agricultural production in the prefecture in the first 10 months of the year. On current agricultural problems, he pointed out that it is essential to get a good grasp of supplying agricultural materials, strengthen price controls, and make use of various channels to ensure investment in agriculture. It is also necessary to do a good job in popularizing agricultural science and technology. [passage omitted] The whole province must also devise ways to promote pig production.

Yang Rudai made an on-the-spot investigation of Yilong and Langzhong Counties, which are focal points for supporting poor areas, from 12 to 14 November. He went to townships, villages, household groups, and individual households for a broad exchange of views on how to promote developmental agricultural production and speed up the pace of extracting poor areas from poverty and making them rich. He highly praised the cadres and masses of Yilong County for the successes achieved despite poor economic foundation, frequent natural disasters, shortage of capital, and bad communications.

Governor Zhang Haoruo inspected various Nanchong factories on 15 November. [passage omitted]

CPPCC Member Says Most Tibetans Live in Poverty
HK1611015588 Hong Kong HONGKONG STANDARD
in English 16 Nov 88 p 6

[By Tammy Tam]

[Text] Tibetans, like most of the minorities in China, are living a relatively poor life compared to the Hans, China's most prominent professor in sociology, Fei Xiaotong, said yesterday.

The 78-year-old Professor Fei, who is also vice-chairman of the Chinese People's Political Consultative Conference (CPPCC), admitted most minorities were still living under the poverty line with an annual income of less than 200 yuan (about HK\$400).

China has more than 100 minorities inhabiting over half of the country's territory.

"The most urgent problem in Tibet is to improve its economic development so as to raise the living standards of Tibetan people. This requires a stable and united environment," Prof Fei said.

"That is also what the other minorities should do at present. We Hans have helped them a lot. But we didn't say the help was from the Hans but from the central government."

Prof Fei is the first scholar in China to give an in-depth study of minorities over the past five decades. He has been to almost every minority region with the exception of Tibet—although he heads a special study group on the area.

"The group was just back from Tibet. I could not go because of my age and health. The group has conducted an overall investigation on the current situation in Tibet which will be used as reference information for the government to set up its future policies in Tibet," Prof Fei said.

The Communist Party's Central Committee is to hold a high-level conference on Tibet's future. Various groups have been sent there to collect information for the preparation of the conference.

The party's chief of Tibetan affairs, Mr Yan Minfu, director of the United Front Department, has also just returned.

The central government zeroed in on the area following the recent riots.

"The major causes of these unhappy experiences are because the cultural and economic developments in Tibet are still relatively backward, although the ultra-leftist policies should be blamed too," Prof Fei said.

"And that is what our investigation group has found out about Tibet. The economic forms in Tibet is still mainly natural stock raising in which Tibetans rely heavily on natural conditions for their living. On the other hand, the education level in Tibet is not high enough.

"How to improve these two fields is our major task in the years to come.

"Of course the government made certain mistakes in the past. After all, it was hard to make things perfect as misunderstandings would occur because of different cultures and lifestyles."

However, Prof Fei stressed that the whole developing history of the Chinese people was one of unity of plural nationalities.

"It is an historical fact that Tibet is part of China for we share the same origin and the same language system," he said.

"Both Han and Tibetan people are from the same origin—the Qiang—which was one of the most powerful nationalities in ancient China. And both the Tibetan and Han languages are of the same Han-Tibet language system.

"Something we don't want to happen did happen in the past. For example, we didn't want the Dalai Lama to leave China, but he did. Yet I believe he will return one day."

Professor Fei is in Hong Kong to attend the 25 anniversary of the Chinese University as the speaker of the Tanner Lecture founded by Cambridge University in 1978.

Tibet Officials Unable To Confiscate Books
HK1611030988 Hong Kong SOUTH CHINA MORNING POST in English 16 Nov 88 p 17

[From Seth Faison in Beijing]

[Text] Chinese officials who mistakenly sold hundreds of translations of a foreign book on Tibet to customers in Lhasa earlier this year were greatly embarrassed by the incident and have been unable to recover the books from Tibetans who bought them, sources said yesterday.

The book, *In Exile From the Land of Snows*, was written in 1984 by John Avedon, an American whose account of Tibetan history is sympathetic to the Dalai Lama and sharply at odds with the Chinese version of events in the troubled Himalayan region.

After a printing of about 2,500 copies by the Tibetan People's press—intended for the eyes of government cadres only—a shipment was accidentally delivered to a bookstore located near the centre of Lhasa, earlier this summer.

The books were routinely placed on the shelves and sold for hours before someone recognised the error and ordered store attendants to retrieve the remaining copies. But hundreds of the Chinese translations were already gone.

An editor at the Tibetan People's Press, when contacted by telephone in Lhasa, said: "Once they were sold, there was very little that could be done about it."

The editor said that five or six Chinese translations of foreign books on Tibet would be published by his press this year, all for internal government circulation only.

Among other things, the book describes the workings of the Dalai Lama's government-in-exile in Dharamsala, India, and was considered by Chinese authorities to be an excellent reference book for Chinese officials in Tibet.

The Dalai Lama has recently shown visitors to his base in Dharamsala a translated copy of Avedon's book and claimed that Chinese authorities had offered up to 1,000 yuan (HK\$2,100) for each returned copy, a Western source said.

Another source, who said no such reward had been offered, confirmed the book was popular among Tibetans and that photocopies of the text could be seen circulating in Lhasa's Barkor market within day.

"It was very embarrassing. Here was a book describing the Dalai Lama as a good man, printed by the Chinese. Everyone knew it was a mistake they were sold openly," he said.

China has tried since the Dalai Lama fled to India in 1959 to discredit his role as Tibet's spiritual leader, but has been unable to diminish the intense religious devotion ordinary Tibetans still attach to their exiled leader.

This year, as anti-Chinese rioting broke out in Lhasa, unofficial contacts between Chinese diplomats in India and representatives of the Dalai Lama have grown, and both sides have moved towards negotiating the conditions for a possible return by the a possible return by the holy leader to his native land.

The Dalai Lama abandoned claims to a fully independent Tibet, the obstacle that most irritated the Chinese, and reportedly agreed to formally meet Chinese officials in Geneva next year.

Two of Tibet's pro-Chinese leaders, the Panchen Lama and Mr Ngapo Ngawang Jigme, are portrayed unfavourably in Avedon's book, which the author said was based largely on research he did in Dharamsala.

The two leaders were each shown copies of the Chinese translation before it was released for printing, and both approved it, but for internal distribution only.

"Just because we translated this book, doesn't mean we necessarily agree with its contents," said the editor, who added that everyone in his publishing house had read the book.

"It was written by a foreigner. It has many problems," he said.

Tibet Power Shortage Prompts Emergency Measures
HK1711024988 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 15 Nov 88

[Excerpts] Electric power is now in short supply in Lhasa. [passage omitted] The masses complained much about it. In view of this, the Regional Industry and Electric Power Department has adopted emergency measures to alleviate the contradiction between supply and demand for electric power in Lhasa.

The main reason for the current power shortages is that the amount of electricity used has continuously increased and exceeded the amount of electricity generated. The most important reason is that departments and

units concerned have not vigorously enforced the regulations of the regional people's government concerning the use of electricity. The supply of electricity has not been strictly controlled and electricity has been used in an extremely chaotic way. Wires are connected without permission and in an indiscriminate way, electric heating apparatuses are used without permission, electric power is used in the peak period without authority, and electric power is seriously used above the quota and not in a planned way.

In the light of the problems of generating and transmitting electricity existing in all links of the Lhasa power grid and of their present productive capacity, the Regional Industry and Electric Power Department has adopted nine measures:

1. Electricity is supplied to the factories and strict inspection is conducted. In the late peak period, Lhasa Power Plant, the experimental geothermal power plant, and (Xijiao) Power Plant must fulfill their quotas for generating electricity according to the schedule plans. At the same time, it is necessary to speed up the work of Tibet assembling units and crash-repairing units.

2. It is essential to strictly implement the relevant documents of the regional people's government and to adhere to the principle of using electricity according to the quota assigned and in a planned way. The quotas for electric power consumers in Lhasa must be verified and readjusted again.

3. The electricity generating and transmission units must take the lead in controlling their own electricity consumption, readjust the quotas for electricity consumption of the power plants, and refuse the power plants to use electricity above their quotas in the late peak period.

4. It is imperative to rectify the electricity consumption order, to refuse the alteration and transfer of the quota for electricity consumption and the passing on of electric power, to straighten out and prohibit the private and indiscriminate connection of wires, and to prohibit the use of any electric heating apparatuses in daily life. Economic sanctions must be severely applied against the violations of the regulations concerning electric consumption. Those who use electricity above their quotas must pay 5 to 10 times as much as the present electricity tariff and the supply of electricity to them must be suspended for 10 days.

5. The malpractices of the indiscriminately connecting wires and taking advantage of electricity to seek personal gain among the staff members and workers of the electric power departments must be investigated and dealt with. Society's supervision of the electric power departments is welcomed.

6. Regarding shopkeepers' electricity consumption, electricity used in work and daily life must be separately supplied to ensure electricity supply for work and production.

7. It is necessary to step up propaganda work and to rely on the social force to rectify the electricity consumption order.

8. It is essential to strengthen the electricity consumption inspection force and to support the electricity management offices to exercise their power to supervise electricity consumption.

9. Leading cadres of the electric power departments at all levels must go deep into the production frontline to step up supervision and inspection and to ensure the implementation of all measures.

The electric power departments hope that all electricity power consumers will implement the above-mentioned measures so that the tense situation of power shortages in Lhasa can be alleviated as soon as possible.

Yunnan's Pu Chaozhu Visits Earthquake Area
HK1711010788 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 16 Nov 88

[Excerpts] According to a XINHUA reporter's dispatch from Lancang, Yunnan Provincial CPC Committee Secretary Pu Chaozhu yesterday went to the severely stricken (Mengsheng), (Yanshuai), and (Tuanjie) townships and (Mengsheng) farm in Cangyuan Wa Autonomous County to inspect the disaster situation. He visited the stricken masses and the PLA, armed police, and medical personnel who are supporting the disaster areas.

After the earthquake occurred at Cangyuan, with communications and telecommunications cut and no contact with higher authority, while rescue forces and relief materials could not get to the scene quickly, the cadres at all levels stood out boldly and worked in a selfless spirit in rapidly organizing the masses to carry out rescue and relief work. [passage omitted]

Comrade Pu Chaozhu fully endorsed and highly praised this spirit of wholeheartedly serving the people heedless of personal safety or danger and of hardships and difficulties. He also studied and made arrangements for rescue and relief work with the county and township cadres. He hoped they will make still greater efforts and win still greater victories in rescue and relief work and in rebuilding people's homes.

North Region

Hebei's Xing Chongzhi Attends Nonparty Forum
SK1711122388 Shijiazhuang HEBEI RIBAO in Chinese 3 Nov 88 p 1

[Excerpts] The provincial party committee held a forum of nonparty figures at the conference room of the provincial government on the afternoon of 1 November and

the morning of 2 November to hear their opinions and suggestions on our province's implementation of the guidelines of the 3d plenary session of the 13th party Central Committee.

Leading comrades of the provincial party committee, including Xing Chongzhi, Li Wenshan, Yue Qifeng, Qu Weizhen, and Chen Yujie, and Wang Shusen, vice chairman of the provincial CPPCC Committee and director of the United Front Work Department of the provincial party committee, held frank talks with the 32 responsible persons of various democratic parties and relevant organizations and figures without party affiliation and discussed the major policies with them.

Xing Chongzhi presided over the forum. He said at the beginning of the forum: Not long ago the provincial party committee held the 6th (enlarged) plenary session of its 3d committee to put forward opinions on implementing the guidelines of the 3d plenary session of the 13th party Central Committee. Comrade Qifeng and I delivered speeches at the session. Our speeches have been printed and issued to everyone. We invited you to today's forum to hear your opinions and suggestions on how Hebei Province should implement the guidelines of the third plenary session.

Fifteen people vied with one another to speak at the forum. They said: The 3d Plenary Session of the 13th CPC Central Committee decided to emphatically put the focus of the reform and construction for the next 2 years on improving the economic environment and rectifying economic order, decided that next year's price increases should be notably lower than this year's, and formulated several policies and measures to achieve the purpose. This pinpointed the crucial points of problems and complied with the people's will. Measures for the implementation put forward at the Sixth (enlarged) Plenary Session of the Third Hebei Provincial CPC Committee are compatible with the reality of Hebei and are feasible. [passage omitted]

Xing Chongzhi spoke at the end of the forum: We have held discussions all day. The opinions are very good, and everyone has been frank. The provincial party committee should earnestly give heed to the opinions.

He said: Everyone is concerned about whether the endeavor of improvement and rectification can be carried out conscientiously and completely. This is understandable because a lot of work was carried out perfunctorily in the past. However, this time we should exert great efforts to successfully carry out this important endeavor. We should resolutely implement the policy decisions of the party Central Committee and truly improve and rectify Hebei successfully.

He concluded: To perform Hebei's work successfully, we should rely on the concerted efforts of the people throughout the province and on the various parties. We have cooperated well and should cooperate still better in

fulfilling the current important tasks of improvement and rectification. It is hoped that various parties will actively participate in the improvement and rectification; supervise the ways various localities and fields have implemented the party's guidelines; and give their opinions, criticism, and suggestions concerning the provincial party committee and government in a timely manner.

Xing Chongzhi Meets Hebei Police Delegates
SK1711123588 Shijiazhuang HEBEI RIBAO
in Chinese 3 Nov 88 p 1

[Text] Lu Chuanzan, deputy secretary of the provincial party committee, gave a speech at the first party congress of the Hebei Provincial Armed Police Forces on 1 November. He called on the Armed Police Forces to participate in reform and to support and safeguard reform with full political zeal and a strong sense of political responsibility and to display the functional role of the Armed Police Forces in the course of improving the economic environment and rectifying economic order.

Lu Chuanzan said: Since its establishment 5 years ago, the cadres and soldiers of the provincial Armed Police Forces have worked heroically and indomitably to safeguard and support our province's economic construction and have worked in places where there are difficulties and dangers. They were highly praised by the masses. The Armed Police Forces are worthy of being recognized as the important armed forces of the party and the country and the forces which the people can trust.

Lu Chuanzan said: The provincial party committee has called on members of the new party committee of the provincial Armed Police Forces to attain the goal of having a firm ideology, clean and honest work style, and doing one's work intensely and solidly.

While touching on the issue of running the police forces strictly, Lu Chuanzan said: To strictly implement militarized management and to enable the police to become an unit for enforcing and safeguarding the law, we must have strict discipline and a high level of centralized unified leadership. We should gradually establish a regular order in performing duties, in training, as well as in work and daily life in line with the demands of regulations and rules, and should overcome the phenomenon of laxity. To manage the police strictly, we must begin with managing cadres strictly, exert strenuous efforts to enhance the ability of cadres at all levels to direct and manage their units, unceasingly rectify work style and discipline, and enable our police forces to greet the people throughout the province with a new look before wearing our police epaulets.

The first party congress of the Hebei Provincial Armed Police Forces was held from 29 October to 1 November. Leading comrades of the provincial party committee, the

provincial government, the provincial CPPCC Committee, and the provincial Military District, including Xing Chongzhi, Li Wenshan, Yue Qifeng, Lu Chuanzan, Zhang Chao, Ye Liansong, Qu Weizhen, Bai Shi, Liu Ronghui, and Chen Yujie, met with all delegates and posted for group photo with them.

Hebei Advisory Commission Holds Plenary Meeting
SK1511001088 Shijiazhuang HEBEI RIBAO
in Chinese 29 Oct 88 p 1

[Text] The seventh plenary meeting of the provincial Advisory Commission was held in Shijiazhuang City today. Wang Dongning, vice chairman of the provincial Advisory Commission, presided over the meeting; and Yang Zejiang, chairman of the provincial Advisory Commission, gave a speech.

This plenary meeting of the Advisory Commission was held during the time when the members of the Advisory Commission were attending the sixth enlarged plenary session of the third provincial party committee.

In his speech, Yang Zejiang put forward demands on the provincial Advisory Commission on ways to conscientiously implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee. He called for conscientiously studying the third plenary session documents, using the plenary session guidelines to unify the people's thinking and strengthen confidence, and taking the lead in struggling against the phenomena of giving no consideration to the overall situation and each going his own way. He also called for efforts to help the provincial party committee to successfully conduct education on the current situation; to go deeply to the grass-roots level to understand all practical problems of common interest and the existing ideological problems in line with the guidelines of the plenary session; and to summarize experience comprehensively, systematically, and deeply. He also called for taking the lead in promoting the party's fine traditions and work style; maintaining honesty; preventing corruption; and striving to serve as models in safeguarding the unified leadership of the party Central Committee, observing the party's organizational principles, disciplines, and law and pioneering our cause and building our country by means of thrift and long years of hard work. In addition, efforts should be made to continuously educate and supervise one's own children, relatives, friends, and the personnel around him to do the same.

Yang Zejiang pointed out at the end of his speech: Over the past scores of years, all of our commission members have swept over rapids and shoals under the party's leadership in an effort to realize the lofty communist ideals and firm convictions. Since the 3d Plenary Session of the 11th CPC Central Committee, we have again relied on these lofty ideals and firm convictions to work diligently for the party and the people for 10 years and have made certain achievements. Today, in order to

overcome the current difficulties, we still have to use this kind of lofty ideals and firm convictions to stimulate ourselves to unite with comrades of the entire party and the people throughout the province to stand the test of holding office and working for reform, to work with one heart and one mind, and to strive to make new contributions to successfully fulfilling all tasks put forward by the 3d Plenary Session of the 13th CPC Central Committee.

Hebei Discipline Inspection Commission Meets
SK1711091588 Shijiazhuang HEBEI RIBAO
in Chinese 1 Nov 88 p 1

[Text] The 3-day sixth enlarged plenary session of the second provincial Discipline Inspection Commission being held in Shijiazhuang City ended today. Nine comrades, including Li Mingzhu, secretary of the Xingtai Prefectural party committee, and Zhao Fugui, secretary of the Baoding Prefectural Discipline Inspection Commission, introduced their experiences in strictly observing party discipline, protecting reform, and promoting the building of two civilizations in our province.

Lu Chuanzan, deputy secretary of the provincial party committee, gave a speech on strengthening party discipline in the course of improving economic environment, rectifying economic order, and comprehensively deepening reform. He said: Our country's reform and construction have now entered a critical stage. During the next 2 years, we should noticeably place the emphasis of reform and construction on improving the economic environment and rectifying economic order. To fulfill this arduous and urgent task, we must strengthen party leadership and strictly observe party discipline. Only by realistically strengthening the party's centralized leadership and enforcing iron discipline can we cement the strength of the entire party and the people throughout the country; achieve unity in will and action; and guarantee the fulfillment of the task of improving the economic environment, rectifying economic order, and comprehensively improving reform. In an effort to guarantee great unity in the ideology and actions of the entire party, party organizations and discipline inspection commissions at all levels should struggle against the phenomena and all corrupt practices of weakening the party leadership, ignoring party discipline, and failing to strictly enforce orders and prohibitions.

While touching on the manifestations of having a blunted concept of party spirit and ignoring party discipline on the part of some party organizations and party members, Lu Chuanzan pointed out: Over the past few years, party committees and discipline inspection commissions at all levels have had the problems of enforcing discipline too leniently and softly. Because some party members who violated law and discipline have not received due punishment, some unhealthy trends and evil practices have remained unchecked. Lax discipline will arouse the people's discontent and damage the

party's image. If we fail to solve this problem conscientiously, running the party strictly will be empty talk and the rectification and improvement tasks will be difficult to fulfill. He called on party committees at all levels to take practical steps and adopt resolute measures to rectify discipline conscientiously. First, it is necessary to deeply conduct education on discipline and strengthen our sense of discipline; second, it is necessary to deeply conduct self-inspection and self-rectification activities; third, it is necessary to conscientiously investigate and handle discipline violation cases inside the party and strictly observe party discipline; and fourth, it is necessary to consolidate party discipline under the unified leadership of the party and urge each level to grasp its own work and assume responsibility. He said: Party committees at all levels should strengthen leadership over discipline inspection work and support the work of the discipline inspection department. At present, the discipline inspection departments have encountered great difficulties and resistance in investigating and handling cases. Party committees at all levels should help the discipline inspection commissions eliminate all types of difficulties and resistance in their work. Leading comrades of the party committee should personally take up major and appalling cases involving leading cadres, take the lead in grasping this work, and support the discipline inspection cadres to carry out their work. We should also pay attention to the ideological and organizational construction of the discipline inspection contingents; care for discipline inspection cadres in terms of politics, work, and livelihood; and help them to solve some unresolved practical problems.

Comrades of the Central Discipline Inspection Commission also attended and addressed the meeting.

Li Ruihuan Attends Tianjin Group Wedding Rite
SK1711120788 Tianjin City Service in Mandarin
1200 GMT 16 Nov 88

[Text] On the morning of 16 November, the Dagang oilfield sponsored a group wedding ceremony for 156 new couples. Mayor Li Ruihuan, beaming with satisfaction, presided over the ceremony and delivered an ebullient speech there. Most of the bridegrooms are elder young workers who work on the production forefront of Dagang oilfield and the brides are women workers from the five suburban counties. During the ceremony, the young bridegrooms were full of youthful vigor and valiant and heroic in bearing and the brides were dressed in a festive style and were slightly bashful. Such a joyous atmosphere during the ceremony inspired every guest.

Workers in production forefronts of drilling wells, testing oil layers, and pumping oil throughout the area of Dagang oilfield have long encountered serious difficulty in looking for a marriage partner because of their arduous tasks of outdoor operation and few contacts with outside people. At the beginning of 1988, Mayor Li Ruihuan learned about the problem during his tour of

the Dagang oilfield on conducting dialogues and rendering services. In facing this problem, he immediately expressed that efforts should be made to take as a big event the work of dealing with the marriage problem of workers who work on the production forefront of Dagang oilfield and also urged various social circles actively to be matchmakers for these workers. He also said that young girls of the municipality's five suburban counties who are willing to marry these workers will be able to make their rural household register an urban one. Such a proposal has drawn a positive response.

At 0730 that day, the group wedding rite opened ceremoniously in the gymnasium of Dagang oilfield. Mayor Li Ruihuan made a speech there amid warm applause in which he wished the new couples a happy life and a long-term happy marriage. He said that those who can share the joyousness of others can enjoy the joyousness thoroughly and those who can share the worry of others can understand the worry thoroughly. Our leading cadres at all levels should all be concerned about the weal and woe of the people.

In his speech, Li Ruihuan also urged the young couples to make all-out efforts in their work to score still greater contributions to developing the country's petroleum industry.

Tianjin People's Congress Meeting Ends 2 Nov
SK1711124488 Tianjin TIANJIN RIBAO
in Chinese 3 Nov 88 p 1

[Text] The fourth Standing Committee meeting of the municipal People's Congress concluded on 2 November. The meeting approved the "Tianjin Municipal Family Planning Regulations," and "Tianjin Municipality's Several Regulations on Lawyers' Performance of Duties."

During the preceding 2 days the meeting discussed the municipal government's "motion to ask for a discussion on Tianjin Municipality's several (draft) regulations on maintaining the order of schools of higher learning" and heard an explanation of the (draft) regulations given by Xing Yuanmin, deputy director of the municipal higher education bureau, and a report concerning preliminary examination on the regulations given by Gao Xutang, vice chairman of the education, science, culture, and health committee of the municipal People's Congress Standing Committee. The meeting discussed the municipal government's "motion to ask for a discussion of the Tianjin Municipal Afforestation and Tree Management (draft) Regulations," and heard an explanation of the (draft) regulations given by Yan Zheng, deputy secretary general of the municipal government and a report concerning preliminary examination of the regulations given by Zhang Xinquan, vice chairman of the urban construction committee of the municipal People's Congress Standing Committee.

The meeting also heard a report on Tianjin Municipality's work of popularizing legal knowledge in rural areas, given by Sun Jialin, deputy director of the municipal Judicial Bureau, with the entrustment of the municipal government, and a report on audit work given by Zhang Yuqi, director of the municipal Audit Bureau, with the entrustment of the municipal government. In their speeches, the participating members held: Initial results have been achieved in popularizing legal knowledge in our municipality's rural areas over the past 2 years. To carry out this work systematically on a regular basis, we should, in the process of developing the socialist commodity economy, intensify education on the legal system, foster a sense of respect for the legal system, and promote the socialist material and spiritual civilizations in our municipality's rural areas. The members expressed satisfaction with the gradual strengthening of our municipality's auditing work. They hoped that in implementing the central principle of improving the economic environment and rectifying economic order, audit departments will exercise supervision through auditing more successfully, enforce financial and economic discipline strictly, and provide a good environment for comprehensively deepening reform.

The meeting also approved personnel appointments and removals.

Wu Zhen, chairman of the municipal People's Congress Standing Committee, presided over the meeting. Attending were Vice Chairmen Li Yuan, Yang Jianbai, Fan Quan, Han Tianyao, Yu Fujing, Shi Jian, Zhu Wenju, Bai Hualing, and Pan Yiqing.

Municipal Vice Mayors Li Changxing, Li Zhendong, and Qian Qiao attended as observers.

Northeast Region

Sun Weiben at Heilongjiang Law Enforcement Forum
SK1711065688 Harbin Heilongjiang Provincial
Service in Mandarin 1000 GMT 16 Nov 88

[Text] The provincewide inspection of law enforcement will continue. Sun Weiben, chairman of the Standing Committee of the provincial People's Congress, said: The situation in which officials levy unjustified financial burdens on the people are relatively serious at present. Their harmfulness is even more serious than that brought about by official racketeers. Therefore, the elimination of arbitrary collection of fees, illegal forfeiture and confiscation, and illegal collection of funds should be regarded as a great matter and fully attended to. Particularly, the rural areas should solve some prominent problems in this field this winter.

This morning, the provincial People's Congress Standing Committee, the provincial people's government, the provincial Higher People's Court, and the provincial

People's Procuratorate held the eighth joint conference to hear the work report on the inspection of law enforcement which was carried out in the latter half of this year.

Sun Weiben presided over the conference. Attending the conference were He Shoulun, Wang Yusheng, Zhang Ruoxian, and Du Dianwu, vice chairmen of the Standing Committee of the provincial People's Congress; Chen Yunlin and An Zhendong, vice governor of the provincial government; Li Rui, adviser to the provincial government; Qu Shaowen, secretary general of the Standing Committee of the provincial People's Congress; Wang Yufu, secretary general of the provincial government; (Xu Zhe), vice president of the provincial Higher People's Court; and (Xiao Qigui), deputy chief procurator of the provincial People's Procuratorate.

(Gong Shutian), director of the provincial Legal System Bureau, made a summing-up report on the inspection of law enforcement. Li Zhijian, vice chairman of the Financial and Economic Commission under the provincial People's Congress Standing Committee, made a report on the implementation of the enterprise law. (Lu Tao), vice chairman of the Financial and Economic Commission under the provincial People's Congress Standing Committee, made a report on the implementation of the resolution of the provincial People's Congress Standing Committee on resolutely sorting out and correcting arbitrary collection of fees, illegal forfeiture and confiscation, and illegal collection of funds.

Sun Weiben made a speech at the conference. He affirmed the achievements in the inspection of law enforcement, and made further work arrangements.

He said: The inspection of law enforcement is a key step to administering the province according to law, an important content of improving the economic environment and rectifying the economic order, and an important measure for narrowing the relationship between the party and the government and the masses. At present, the people at lower levels cannot afford to offend the officials who engage themselves in arbitrary collection of fees, illegal forfeiture and confiscation, and illegal collection of funds. Plant directors and managers are submitted to humiliation. In the course of improving the arbitrary practices in these three areas, the people's congresses should act justly, bring their role into full play, place the improvement of arbitrary practices into their work agenda, and bravely shoulder their responsibility. The inspection of law enforcement should be reported to the next People's Congress Standing Committees. Based on the investigation and study, we should draw a clear demarcation line according to policies, and clearly distinguish unjustified financial levies from reasonable collection of fees. All departments throughout the province should conduct self-inspection and correct the problems concerning arbitrary collection of fees, illegal forfeiture and confiscation, and illegal collection of funds. Strict punishment should be imposed on those tied to the typical cases in this areas but refuse to

conscientiously correct their mistakes. We should bring into full play the supervisory role of public opinions in the course of inspecting law enforcement.

He Zhukang Meets Jilin Honorable Specialists
SK1611013888 Changchun JILIN RIBAO in Chinese
28 Oct 88 p 1

[Excerpts] Recently, Huo Ronghua and 15 other specialists of our province were awarded the honorable title of the 1988 state-level young and middle-aged specialists who made outstanding contributions. On the afternoon of 26 October, leading comrades of the provincial party committee, the provincial Advisory Commission, and the provincial government, including He Zhukang, Zhang Fengqi, Wang Zhongyu, and Liu Xilin, as well as some responsible comrades of the provincial departments concerned travelled to Nanhu Guesthouse to cordially receive these specialists, warmly congratulate them on their achievements, and talk with them on developing science and technology and invigorating Jilin's economy. [passage omitted]

He Zhukang and Liu Xilin spoke at the reception. Liu Xilin extended congratulations to these specialists on behalf of the provincial party committee and the provincial government. He hoped that these specialists would exploit their role as the leading soldiers on the scientific and technological front, would carry forward achievements through persistent efforts, and would make still greater contributions to invigorating Jilin's economy.

He Zhukang Inspects Jilin Urban, Rural Areas
SK1611034388 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 15 Nov 88

[Text] He Zhukang, secretary of the provincial party committee and governor of the province, recently made an inspection tour of both urban and rural areas in a number of counties and districts and in the cities of Hunjiang and Tonghua. While inspecting the work of implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee and the arrangement made at the work conference of the provincial party committee, He Zhukang pointed out that it is imperative to apply the spirit of the third plenary session to further unify the people's thinking and understanding and to resolutely implement the policy decision of the third plenary session to the letter.

Comrade He Zhukang accompanied by the responsible comrades of the relevant departments under the provincial party committee and the provincial people's government went to the cities of Hunjiang and Tonghua and the urban and rural areas of a number of counties and districts to hear their work reports. They also went deep into some industrial and mining enterprises, commercial firms and stores, town-run enterprises, privately-owned enterprises, and scientific research units and held talks with entrepreneurs, workers, peasants, and business clerks. During the talks, Comrade He Zhukang inquired

about their problems and difficulties existing in their business and production and dealt with some practical problems by consulting with the responsible comrades of relevant departments.

The 16 November JILIN RIBAO carries the content of Comrade He Zhukang's speech made during his inspection tour in the cities of Hunjiang and Tonghua and the subheads of his speech are as follows: Efforts should be made to further unify thinking and to resolutely implement the central policy decision. A good job should be done in dealing with currently prominent problems. Efforts should be made to enhance party building and to bring political superiority into play.

Official on Power Industrial Development
SK1511130988 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 11 Nov 88

[Text] At the provincial industrial power work conference held on 11 November, Wen Shizhen, provincial vice governor, made a speech entitled "To Stress Key Construction Projects, Go All Out To Collect Funds for Running Power Plants, and Accelerate the Province's Power Industrial Development."

The conference mobilized a vast number of cadres and masses throughout the province to further emancipate their minds, unify their thinking, support industrial power construction, do the work of collecting funds to develop the power industry, promote the province's power construction to a new stage, and strive to end the strained power situation as soon as possible and realize Liaoning's economic leap.

Wen Shizhen said: So far, the province lacks 8 billion kilowatt-hours of electricity. The total product of society, totaling 32.5 billion yuan, was reduced every year because of a shortage of electricity, which accounted for 43 percent of the province's total output value. The power shortage directly affects the normal production of all trades and professions.

The power shortage emerged principally because of the fact that over a long period of time investment in the power industry accounted for an exceedingly small proportion of overall investment in capital construction, power-generating facilities were developed at an extraordinarily slow speed, and the speed of national economic development was much higher than the speed of the industrial development of power. The gaps in power resources became increasingly wider. Another reason was that the power consumption of urban dwellers increased at a fast rate.

On the subject of the policies and measures for accelerating the province's industrial power development, Wen Shizhen said: Priority should be given to industrial power construction in the course of developing the national economy. Meanwhile, industrial power construction should be regarded as the most important task

in national economic development. Governments at various levels should place industrial power development on their major work agenda, and give priority to this.

While reducing the scale of capital construction and readjusting the investment structure, we should allocate more funds to develop the power industry. We should increase the proportion of investment in the power industry, reduce or remit electricity taxes, and balance current electricity charges. Preferential policies should be carried out with regard to the planning for the early-stage industrial power construction projects, power facility construction and installment, and [words indistinct] power supply.

Power stations should be encouraged to develop more power-generating units at a fast speed so as to gradually form a benign self-development cycle of increasing power generation volume with existing power resources. The previous concept of waiting for, relying on, and demanding subsidies for running power plants should be eliminated. We must go all out to collect funds for running power plants.

On the principle that whoever uses power should run power plants and benefits should be given to those the money is collected from, we should mobilize all forces from society to positively join the rank in collecting funds to run power plants and strive to create an upsurge in the pooling of the efforts of the central authorities, the province, cities, and large enterprises to run power plants and to jointly promote the development of the power industry.

Northwest Region

Gansu's Li Ziqi on Drafting Party Work Report
HK1611022988 Lanzhou Gansu Provincial Service in Mandarin 0000 GMT 16 Nov 88

[Excerpts] The ninth plenary session of the sixth Gansu Provincial CPC Committee was convened in Lanzhou yesterday. The session approved in principle the work report to be delivered to the seventh party congress. [passage omitted]

At the start of the session, provincial party committee Secretary Li Ziqi introduced the proceedings in drafting the report and the main considerations of the Standing Committee. He said: The work of drafting the report of the sixth provincial party committee began after its eighth plenary session in August. A Standing Committee meeting discussed and decided on the guiding ideas, themes, and framework of the report. In accordance with the Standing Committee's views, the drafting group seriously studied the contents of the report and listened on many occasions to the views of the provincial departments concerned before bringing out the first draft. The

group summoned the comrades concerned of some prefectures, cities, and counties, and comprehensive provincial departments to seek their views. Following that, acting in the spirit of the 3d Plenary Session of the 13th CPC Central Committee and the views proposed by various quarters, two major revisions of the report were carried out.

On 2 November, the provincial party committee Standing Committee held a concentrated discussion on the revised draft. It proposed further revisions to the draft, on the basis of agreeing with it in principle. The drafting group then made further earnest revisions. [passage omitted]

Li Ziqi hoped that the participants would carefully study the report and strive to revise it to make it still more perfect, accurate, and in line with Gansu reality. [passage omitted].

Qinghai's Tian Chengping on Cadre Qualities
HK1611042788 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 15 Nov 88

[Excerpts] Provincial party committee Deputy Secretary Tian Chengping pointed out in a concluding speech at the provincial organizational work conference on 15 November that the decisive factor in attaining Qinghai's development goals of endeavor is the building of the cadre force. It is necessary to recommend, select, promote, and appoint cadres in line with the new employment concept of meeting the productive forces criterion. [passage omitted]

Tian Chengping said: It is essential to have a scientific understanding of the productive forces criterion. We cannot adopt a pragmatist approach and turn the productive forces criterion into something vulgar. Still less can we equate productive forces with simply making

money. We must discriminate against those people who indulge in short-term behavior, are only concerned with the interests of the partial and damage those of the whole, or reap so-called real benefit by other irregular methods. We must not be hoodwinked by false images into making mistakes in employing people. People who have been engaged in leadership work in a locality or unit for many years without accomplishing much should be given employment suited to their capability. [passage omitted]

Tian Chengping said: In view of the work conditions and environment in Qinghai, in selecting and promoting cadres we must pay particular attention to a mental attitude of overcoming difficulties and making arduous efforts. Unless a cadre has a strong sense of the cause and the resolve to open up Qinghai, it will be very hard for him to accomplish anything even if he has ability. At present there are many negative things in the cadre force. Pessimism over Qinghai's prospects exists in varying degrees. Certain cadres do not devote their energy to work, while others talk a lot about rewards but not much about hard work, and are unwilling to go to places of hardship or posts where there are many difficulties. Hence, it is very important to lay stress on the spirit of long-term arduous struggle.

Tian Chengping also spoke on the question of deepening reforms in the cadre and personnel system. He said: At present, we must make cadre selection and promotion more visible and enable the masses to participate in it more. In this way the masses will be able to play a role in cadre work. The party committees and organization departments at all levels must be bold to break down old conventions, be skilled in listening to the masses' views, and strive to create an open, democratic, and [word indistinct] environment for cadre and personnel work, to enable still more talented people to come forth and show their ability.

Close, Cordial Ties Expected With Saudi Arabia
OW1711024188 Taipei CNA in English 1614 GMT
16 Nov 88

[Text] Taipei, Nov. 16 (CNA)—Saudi Arabia is expected to maintain its close and cordial relations with the Republic of China [ROC] even though the kingdom reportedly will exchange trade offices with communist China, Vice Foreign Minister Charles Shu-chi King said Wednesday.

King stressed that during his visit to the Middle Eastern country last month, Saudi political leaders repeatedly assured him that friendly relations between the two countries would not change.

The vice foreign minister made his remarks when reporting on ROC-Saudi Arabia relations and the Middle East situation at a session of the Legislative Yuan's Foreign Affairs Committee.

Asked whether the government would sever official relations with the influential Gulf country if it established diplomatic ties with Peiping, King said, "We will not."

The answer was seen as a sign that the nation would adopt a more realistic and flexible foreign policy in the future.

The ROC and Saudi Arabia established diplomatic ties in November 1946, King said. Since then, the two countries have maintained close and cordial relations and their cooperation in industrial, agricultural development has intensified year by year.

Saudi Foreign Minister Prince Sa'ud al-Faysal has promised to visit the ROC in the not too distant future and the 11th annual economic cooperation conference between government and business leaders of the two countries will take place as scheduled in Taipei next February, King said.

This indicates that ROC-Saudi Arabia relations are friendly and stable as usual, he said. Besides, the Moslem country staunchly opposes communism which advocates atheism and, therefore is not likely to develop diplomatic relations with Chinese communists at the cost of its close relations with the ROC.

Commenting on reports that Riyadh and Peiping have agreed to exchange trade offices, he said that while Saudi Arabia might have acted out of practical needs, the ROC Government has still expressed its deep concern over the development.

King admitted that the reported exchange of trade offices between Saudi Arabia and communist China, if true, would inevitably have an adverse impact on relations between Taipei and Riyadh. But he affirmed that his ministry would work harder to promote friendship and cooperation between the two countries in order to consolidate relations.

When asked if the government would recognize the newly declared Palestine state, King said that the ROC supports the Palestinian people's efforts to seek independence, but "recognition" is a two-way thing.

King noted that the Palestine Liberation Organization (PLO) has maintained relations with communist China for years with a representative office in Peiping, which enjoys diplomatic immunity, after its Chairman Yasir 'Arafat visited the China mainland in 1960s.

Trade Protest Filed 17 Nov
OW1711173788 Taipei CNA in English 1609 GMT
17 Nov 88

[Text] Taipei, Nov. 17 (CNA)—The Republic of China [ROC] has filed a strong protest with Saudi Arabia over reports that Riyadh will exchange trade offices with the Chinese communist regime, Chen Yu-chu, Foreign Ministry spokesman, said Thursday.

According to Chen, Saudi Vice Foreign Minister 'Abd al-Rahman al-Mansuri told ROC Ambassador Edward Kuan Wednesday that negotiations are still underway on the exchange of trade offices between Saudi Arabia and the Chinese communist regime and that an agreement has not yet been reached on the status and functions of the proposed offices.

In its protest, the ROC Government asked its Saudi counterpart that ROC interests not be damaged, and that cordial Taipei-Riyadh relations not be influenced by the negotiations, Chen noted.

Echoing Al-Mansouri's claim, the Saudi Ambassador to Taipei As'ad 'Abd al-Aziz al-Zuhair reiterated Thursday that there will be no changes in the formal ties between the two countries. [Words indistinct] after meeting with Vice Foreign Minister Charles Shu-chi King for a 50-minute talk.

When asked about the Riyadh-Peiping negotiations, Al-Zuhair merely replied that there was not yet any further information.

President Li on Improving Trade Ties With U.S.
OW1611005688 Taipei CNA in English 1643 GMT
14 Nov 88

[Text] Taipei, Nov. 14 (CNA)—President Li Teng-hui Monday told a U.S. Congressional delegation that the Republic of China [ROC] Government is actively studying a set of action guidelines to improve economic and trade relations between the two countries and to resolve trade problems between them.

While receiving the 20-member mission headed by Dan Rostenkowski, chairman of the Ways and Means Committee, the president disclosed the guidelines under study by the Executive Yuan aimed to sharply reduce the trade surplus with the U.S., to open the local markets even wider and to remove so-called unfair trade practices the Americans have complained about "in four years."

The action guidelines, whose implementation will be supervised by the Council for Economic Planning and Development, will call for concerted efforts by the Finance, Economics, Foreign Ministries, the Central Bank of China and the China External Trade Development Council in order to resolve effectively trade and economic problems between the ROC and America, Li said.

Major contents of the plan, the president told the American Congressmen, will include diversifying export markets, expanding domestic demand, gradually reducing protection for local industries, strengthening the functioning of agencies responsible for decision making and the implementation of economic and trade policies, and increasing overseas investments.

According to the plan, the ROC Government will also ask the U.S. to hold talks as soon as possible on the signing of a free trade agreement between the two countries, to establish immediately an arbitration mechanism to settle trade disputes, and to open a regular channel for a dialogue between the trade and economic agencies of both countries, Li said.

In addition, he added, the ROC will call for more active U.S. assistance in helping the nation rejoin international economic and trade organizations.

President Li noted that he would be glad to see the action guidelines, which are pending cabinet approval, implemented at an early date.

During the meeting, Li also stressed the friendly and mutual beneficial relations between the ROC and the U.S. over the past century. Recalling that during China's modernization process, major assistance came from the U.S., Li said, "we cherish our traditional friendship with the U.S."

He added that an early resolution of the economic and trade problems between the two countries will require both governments and peoples to work together with each other sincerely.

Rep. Rostenkowski told the president that the resolution of the economic and trade problems between them should be a mutual goal of the ROC and the U.S. what the U.S. seeks, he said, is not trade protectionism, but fair trade, and the U.S. does not at all like to take retaliatory actions against trading partners.

Those also present at the meeting included Li Yuan-zu, presidential secretary-general, Vice Foreign Minister John Chang and David Dean, director of the Taipei office of the American Institute in Taiwan.

Trade Imbalance Further Corrected
OW1711060488 Taipei CNA in English 0306 GMT
17 Nov 88

[Text] Taipei, Nov. 17 (CNA)—The trade imbalance between the Republic of China [ROC] and the United States has remarkably corrected with ROC exports declining and imports increasing 90 percent in the first 10 months of this year, customs statistics show.

Under the principle of diversifying export markets, the percentage of the ROC's exports to the United States have fallen annually: In 1986, 47.7 percent of the nation's exports went to the U.S., in 1987 they fell to 44.2 percent, and declined further to 39 percent in the first 10 months of this year, the statistical report said.

Officials with the Economics Ministry pointed out that these positive results came from the implementation of government trade measures specifically aimed at balancing ROC-U.S. trade.

The officials said, in December 1988 along with an ROC-U.S. and U.S.-ROC economic councils joint conference in Taipei, for example, an exhibition at the Taipei World Trade Center will be open free of charge to U.S. industrial manufacturers to promote American manufactured products in the Taiwan market.

The China External Trade Development Council has given preferential treatment to American manufacturers to encourage them to participate in several trade shows, the economics officials added.

The government has also given priority to the purchase of American high-tech products needed for some major construction projects, and many international tenders have been open only to American suppliers, the officials noted.

Furthermore, the Export-Import Bank of the Republic of China has been instructed to provide U.S. manufacturers with low-interest loans to facilitate their exports of machinery, capital goods, and industrial products to the ROC.

The economics officials added that with the ROC accelerating several major construction projects and expanding public investment, American business circles should give greater attention to ROC market potential and increase promotion campaigns in Taiwan so as to help close the ROC-U.S. trade gap and to strengthen bilateral economic ties.

Drastic Decline Seen in Sep
OW1811120888 Taipei CNA in English 1517 GMT
17 Nov 88

[Text] Washington, Nov. 17 (CNA)—The Republic of China's [ROC's] trade surplus with the United States in the first nine months this year sharply decreased by some 32.59 percent compared to the same period of last year, according to the U.S. Commerce Department.

Trade figures released by the Commerce Department Wednesday showed increased U.S. exports to the ROC in September this year bringing the ROC's trade surplus with the U.S. to US dlrs 1.295 billion, down some 16 percent from that of US dlrs 1.546 billion in August.

Measured on customs value, the U.S. exports to the ROC in the first nine months this year totaled US dlrs 9.559 billion, while the value of U.S. imports from the ROC reached US dlrs 18.683 billion in the same period, resulting in a surplus of US dlrs 9.123 billion in ROC's favor, comparing to last year's US dlrs 13.534 billion.

In September alone, the U.S. imported US dlrs 2.194 billion worth of merchandise from the ROC, US dlrs 117.8 million less than that in August, while exporting US dlrs 898.3 million worth of goods to the ROC, increasing US dlrs 32.8 million from August 1988, or US dlrs 339.7 million from September 1987.

But even if the U.S. imports from the ROC were measured on C.I.F. basis which includes insurance and freight charges, the U.S. Commerce Department statistics still show that the ROC trade surplus with the U.S. for the January-September period this year reduced to US dlrs 10.235 billion, US dlrs 4.661 million or 29 percent lower than that of the same period last year.

September's U.S. exports of US dlrs 898.3 million to the ROC and imports of US dlrs 2.313 billion from the ROC on C.I.F. basis also resulted in a downward U.S. trade deficit of 1.415 billion, compared to US dlrs 1.682 billion in August this year.

Official Welcomes Deficit Decline
OW1811082988 Taipei CNA in English 0247 GMT
18 Nov 88

[Text] Taipei, Nov. 18 (CNA)—Fredrick Chien, chairman of the Council for Economic Planning and Development, Thursday welcomed the drop in the U.S. trade deficit in September, saying that it will help further relieve pressure on the new Taiwan dollar to appreciate against the U.S. dollar.

According to trade figures released by the U.S. Commerce Department, the September U.S. trade deficit was down U.S. dlrs 1.8 billion from August, and the deficit figure for the Republic of China [ROC] was also down U.S. dlrs 270 million compared with the previous month.

Chien told a press conference that the U.S. trade deficit has been cut 20 percent during the January-September period because of the depreciation of the U.S. dollar and the successful efforts of major U.S. trading partners.

If the trend continues, it will benefit all of the world's nations, Chien stressed.

According to statistics, the ROC trade surplus with the U.S. decreased a dramatic 31.3 percent, leading the list among far Eastern countries. The drop surpassed Hong Kong's 26.3 percent; Japan's 11.5 percent; and South Korea's zero.

Chien said although the huge U.S. trade deficit figures can not be easily cut in a short time, the future is very positive judging from current trends.

Chien called on government agencies and local enterprises to continue working to cut the size of the trade surplus which the ROC enjoys with the U.S.

At the same time, CEPD Vice Chairman Vincent C. Siew said that America is expected to continue pressing the ROC to continue appreciating the new Taiwan dollar during the next four years as the ROC trade surplus with the U.S. cannot be completely eliminated. And the agricultural issue will become even more controversial, Siew warned.

Siew made his predictions based on the just-enacted Omnibus Trade Act which directs U.S. officials to eliminate unfair trade practice.

Siew noted that the ROC agricultural sector, unlike Singapore and Hong Kong, can not be completely liberalized and so differing interpretations on unfair trade between the U.S. and the ROC will make agricultural trade a very controversial issue.

Report of Mainland Currency Devaluation Plans
OW1811053588 Taipei Domestic Service
in Mandarin 2300 GMT 16 Nov 88

[Text] Vice Economics Minister Li Mo said that according to intelligence reports, the Chinese communist regime is planning to considerably devalue its currency and, at the same time, adopt measures to restrict goods imported from Taiwan. He said that those engaged in entrepot trade should closely watch Chinese communist moves, otherwise they will lose all their money.

Vice Economics Minister Hsu Kuo-an also pointed out that the Chinese communists can suddenly become ruthless, and if so, they will make no compromise at all. He added that this is the greatest potential problem for those engaged in entrepot trade.

Mainland Academician Delighted With Historic Visit
HK1611015788 Hong Kong HONGKONG STANDARD in English 16 Nov 88 p 1

[By Chan Wai-fong]

[Text] A 52-year-old academic, who has become the first Mainland Chinese to visit Taiwan legally for almost 40 years, yesterday declared herself "delighted."

Chien Yi, a professor of Beijing's Qinghua University, arrived in Taiwan on Monday to visit her father, the renowned historian Professor Chien Mu.

She was able to do so after Taiwan lifted its 39-year ban on minlanders early this month, allowing them to attend funerals and visit sick relatives.

Besieged by reporters outside her father's home yesterday Ms Chien, who has been in The Netherlands since May, said little apart from: "I'm delighted."

Later, she told THE HONG KONG STANDARD by telephone from Taipei: "The idea of coming to visit my father came last May when I left home for the Netherlands.

"We heard then that Taiwan would open its doors to scholars first. We thought that my being in the Netherlands would facilitate the application."

Ms Chien is one of four mainlanders who have been granted travel permits since the rules were relaxed, but the others are still at home, struggling with immigration formalities in China and Hong Kong.

Ms Chien, now a visiting scholar at The Netherlands' Belst University of Technology, was able to by-pass these formalities to make the historic first trip. The others will have to come via Hong Kong.

Her father has been separated from his four children since leaving the mainland 40 years ago, and has made no secret of his anguish. He has lived in Taiwan for 21 years.

Ms Chien said she had met her father twice previously since his departure, in Hong Kong in 1981 and 1984.

Prof Chien, suffering from the effects of a stroke and circulation problems, had rallied lately, cheered by the prospect of a reunion, she said.

The visit was not without its difficulties.

Ms Chien's stepmother, Chien Mei-yi, said they had made the original application for the visit early this year, and when it was finally processed, the Taiwan authorities had insisted on proof of the relationship between father and daughter.

"They asked me to prove that she is daughter of the professor. This has been a great disturbance," she said.

She said they had no plans at this stage to apply for visits by the other children.

Ms Chien is allowed to stay in Taipei for two months. She said that the Chinese Embassy in the Netherlands had supported her trip.

"They said it would be fine as long as Taiwan agreed," she said.

Ms Chien is a professor of environmental engineering at Qinghua University. Her father is a world authority on Chinese history and a domestic policy adviser to Taiwan's President Lee Teng-hui.

More than 100 Taiwan people have so far applied for visitor permits for their mainland relatives.

More Donations for Mainland Quake Victims
OW1611061488 Taipei CNA in English 0309 GMT 16 Nov 88

[Text] Taipei, Nov. 16 (CNA)—In response to the Kuomintang's [KMT's] call to provide relief for victims of a recent disastrous earthquake that struck Yunnan, Sun Fa-min, chairman of the Pacific Electric Wire and Cable, on behalf of his affiliated companies, donated NT dlr [new Taiwan dollars] 10 million (U.S. dlr 355,872) Tuesday.

KMT Secretary-General Li Huan received the donation at a presentation ceremony held at the Central Committee of the Kuomintang.

Li said that hundreds of thousands of people had been left homeless or killed as a result of the huge tremor that had rocked areas near Yunnan's southern border. "We are against the Chinese Communists, not our people on the mainland," Li said, noting that KMT had launched the relief campaign for humanitarian reasons.

So far, Li said, donations from all walks of life have poured in and will be forwarded to the mainland via the Red Cross Society. All donations will be of great help to the quake victims, Li added.

Armed Forces Slated for 25,000 Soldier Reduction
OW1511153188 Taipei's CHINA POST in English 10 Nov 88 p 11

[Text] The size of the Armed Forces will be cut by 25,000 to 500,000 soldiers in five years, Defense Minister Cheng Wei-yuan told the legislature yesterday.

The minister said the five-percent cut must not affect combat capabilities due to the Chinese communist threat.

In reply to an interpellation by Legislator Wang I-Shang, chairman of the opposition Labor Party, Cheng denied allegations that the military has intervened in elections.

Cheng asked Wang to produce evidence, saying the unfounded allegations are unfair to the military and election officials.

The minister also denied that the Navy commander-in-chief, Admiral Liu Ho-chien, will leave for Seoul next month to sign an agreement to purchase six frigates from South Korea.

Plans to buy frigates from South Korea is a sale that would involve technology transfers are still pending, he said.

Defense Minister Comments

OW1511042288 Taipei CHINA POST in English
10 Nov 88 p 11

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Lawmakers To Discuss Nationalization of Army
OW1311134588 Taipei International Service
in English 0200 GMT 13 Nov 88

[Text] Lawmakers of the ruling Kuomintang [KMT] Friday agreed to discuss within 2 weeks nationalization of the armed forces and institutionalization of national defense with their colleagues of other parties. This agreement put to rest for the time being a controversy over the extension of General Hao Po-tsun's tenure for another year as chief of the General Staff.

Lin Tung, the KMT whip in the Legislative Yuan, said that the ruling party agreed to discuss the topic not because the armed forces have not been nationalized, or the defense setup has not been institutionalized. The

slated meeting, he said, is meant to allow an exchange of views among lawmakers. For more than 1 week, the opposition Labor and Democratic Progressive Parties have been challenging the legality of a presidential order extending the tenure of General Hao for another year. He has already held that top military post for 7 years, exceeding the maximum of 6 years under the existing military rotation system.

Controversy on Chief of Staff's Extended Tenure
OW1511043588 Taipei CHINA POST in English
10 Nov 88 p 11

[Text] Defense Minister Cheng Wei-yuan yesterday defended the extension of Gen. Hau Pei-tsun's tenure as chief of the general staff, saying Hau's services "are needed."

The minister said Hau is needed to build the military and strengthen combat capability.

Cheng had come under fire from opposition legislators for countersigning the extension.

Hau, 69, the nation's longest-serving chief of the general staff, has already been in office one year more than the permitted tenure of six years. Hau is the nation's only four-star general.

The Executive Yuan, or Cabinet, countersigned the extension after the Defense Ministry countersigned it, Cheng said, adding that the extension became official by presidential appointment.

President Li Teng-hui decided to extend Hau's tenure due to military needs, the minister said.

The president is the commander-in-chief of the Armed Forces and has the power to extend the term of a military officer should be respected and not interfered with, Cheng said. [sentence as received]

Legislator Ju Gau-jeng of the opposition Democratic Progressive Party [DPP] had demanded to know whether Minister Cheng or Premier Yu Kuo-hua countersigned the extension first and why.

Ju also demanded to know why the Defense Ministry spent taxpayers' money on a NT\$120,000 dinner hosted by legislators of the ruling Kuomintang [KMT] and attended by military officials.

Minister Cheng replied that one of his men merely signed the bill, but that this does not necessarily mean the Defense Ministry will pay for it.

Cheng said Legislator Ju can ask the KMT's party whip, Legislator Lin tung, who picked up the bill.

Ju called it "really strange" for a guest to sign the bill and warned the Defense Ministry not to repeat this again.

Cheng, Vice Defense Minister Kuo Chung-ching, and Gen. Chiang Chung-ling, vice chief of the general staff, dined with KMT legislators Monday to exchange views on how to fight off DPP demands that Gen. Hau appear before the legislature.

The KMT and the military argue that the chief of the general staff need not answer to the legislature, but the DPP, fearing military intervention in politics and the creation of a military strongman, wants to supervise the chief of the general staff.

Meanwhile, seven members of the National Assembly, or electoral college, led by Wang Ying-chief, issued a statement saying the chief of the general staff should not testify before the legislature.

Today's legislative session will likely witness the fiercest debate between ruling party and opposition legislators since the 82nd legislature convened in September.

DPP deputies are to demand that Hau appear before the law-making body.

Violence is possible if the ruling party ends the debate by putting the DPP motion to a vote in the KMT-dominated legislature, observers said.

DPP legislators have threatened to make the Defense Ministry "look bad" and have vowed to take to the streets if the KMT tries to prevent them from speaking.

Defense Minister Discusses Kinmen, Matsu Islands
OW1811081488 Taipei Domestic Service
in Mandarin 2300 GMT 15 Nov 88

[Text] Defense Minister Cheng Wei-yuan said: Kinmen and Matsu are outposts guarding Taiwan and Penghu. For reasons of national security, we should never give them up easily. He also emphatically pointed out: Off-shore islands such as Kinmen and Matsu are battle zones where fighting can break out at any time. We must maintain vigilance there at all times. Under no circumstances should we turn them into areas for tourism or trading with the mainland.

Official Cites Defense Budget as Economic Asset
OW1711192388 Taipei CNA in English 1033 GMT
17 Nov 88

[Text] Taipei, Nov. 17 (CNA)—In face of continued threat of violence from Chinese communists, maintaining defense budget at a certain level will help create a stable environment for the nation's economic development, an official of the Directorate General of Budget, Accounting and Statistics [DGBAS] said Wednesday.

Causing no extra financial burden to the government, defense spending has been a strength to form a solid base for the Republic of China's [ROC's] successful economic development, said Wei Tuan, director of the Third Department of DGBAS.

Reporting to the conference on strategy of successful economic development in Asian-Pacific basin Wednesday in Taipei, Wei said national security and economic development is inevitably related. "Only under a sound national defense system can there be social stability, economy prosperity and trade expansion," he said.

According to DGBAS statistics, the percentage of national defense budget in the nation's annual governmental expenses has dropped from 50.81 points in 1974 to 40.65 points in 1987, Wei said. The average of this figure is 5.94 percent in industrially advanced nations and 9.69 percent in developing countries.

Foreign Minister on Overseas Chinese Interests
OW1511090788 Taipei CNA in English
0239 GMT 15 Nov 88

[Text] Taipei, Nov. 15 (CNA)—The Ministry of Foreign Affairs has always regarded the protection of the interests of Overseas Chinese as one of its important constitutional missions, Foreign Minister Lien Chan said Monday.

Minister Lien said before the Legislative Yuan's Overseas Chinese Affairs Committee that the ministry has always coordinated its activities with the Overseas Chinese Affairs Commission in order to safeguard the interests of Overseas Chinese.

Lien said the Foreign Ministry has gained positive results in safeguarding Overseas Chinese interests and in upgrading their position in their resident countries. He cited the following as examples:

In South Korea, the government recently abolished regulations requiring an invitation letter when Overseas Chinese apply for a reentry visa as they plan to leave the country.

The Republic of China [ROC] office in Los Angeles has helped local Overseas Chinese communities encourage Overseas Chinese who illegally immigrated into the United States to apply for legal residence in line with American amnesty measures.

Argentina has lifted its ban on ROC citizens applying to immigrate to the South American country.

Bahrain has allowed ROC citizens holding certified international driving licences to drive cars there.

Overseas Chinese in Ecuador can apply for an extension of their visas using a copy of their ROC passport instead of using the original.

Government To Accelerate Eastern Development
OW1611061588 Taipei CNA in English 0306 GMT
16 Nov 88

[Text] Taipei, Nov. 16 (CNA)—Premier Yu Kuo-hua said Tuesday the government will accelerate the development of eastern Taiwan in order to improve the quality of life of residents there and to narrow the area's gap in development with other parts of Taiwan.

To achieve the goal, the government is considering establishing an agency exclusively responsible for the development of eastern Taiwan, Yu said while answering a query at the Legislative Yuan. The plan is now being studied by the Council for Economic Planning and Development.

As a matter of fact, the premier pointed out, the government has already started a series of construction projects aimed at speeding the development of eastern Taiwan.

The projects include, he noted, building a highway between Hualien and Taitung, and a railway connecting Taitung with Pingtung, promoting afforestation and improving flood controls in eastern Taiwan and the llan area of northeastern Taiwan.

Furthermore, Premier Yu said, the government is planning to establish a cement industrial zone in eastern Taiwan and to develop scenic spots along the eastern coast.

Hong Kong

Secretary Views U.S. Trade Protectionism
HK1711025188 Hong Kong SOUTH CHINA
MORNING POST in English 17 Nov 88 pp 1, 7

[By Ann Quon and Martin Winn]

[Excerpts] Financial Secretary Piers Jacobs yesterday issued a warning about the flames of protectionism being rekindled by the United States Congress.

"We are particularly concerned over the dangers of any renewed attempt by the U.S. Congress to pass protectionist textiles legislation," he told the Legislative Council during the final day of debate on the governor's annual state of the territory address.

Despite the presidential election victory by Mr George Bush, who is expected to pursue the anti-protectionist policy of President Ronald Reagan, the U.S. Congress is dominated by Democrats whose protectionist learnings could bode ill for Hong Kong.

Mr Jacobs held out the hope that any renewal of American protectionist sentiment might be dampened by the current downward trend in U.S. trade.

Mr Jacobs pointed out yesterday that domestic exports to the U.S. had dropped from 44 per cent in 1985 to 38 per cent in the first half of last year and 33 per cent in the first half of this year.

Figures released in Washington last night showed that while the U.S. trade deficit had narrowed by 15 per cent in September to U.S.\$10.46 billion, the imbalance with Hong Kong had been cut by 17 per cent to U.S.\$476.4 million, the best result among the four Asian dragons.

Pressure on both the U.S. and Hong Kong dollars is expected to ease after last night's announcement that the deficit was down from a revised U.S.\$12.27 billion in August. [passage omitted]

Analysts in Asia said the fall in U.S. imports pointed to a decline in demand for consumer exports from the region.

Hong Kong, which ships around 35 per cent of its exports to America, is particularly vulnerable to a slow-down in orders from the U.S. Its trade surplus with the U.S. slumped by 17 per cent in September to U.S.\$476.4 million.

Taiwan and Japan also pointed lower trading surpluses with the U.S. in September, but America's deficit with Singapore and South Korea edged up.

"If this trend continues there will be a marked slowdown in economic activity next year in Hong Kong," GT [expansion unknown] Management economist Ian Macfarlane said.

Downward pressure on the dollar, with which the Hong Kong currency is linked, was expected to ease after the latest figures, but dealers said the longer term outlook remained bearish.

"There's nothing in Mr Bush's policies to suggest he can get the trade deficit down without a lower dollar to discourage imports," said Chris Pavlou of Hong Kong and Shanghai Bank.

Market sources said support for the dollar after the latest U.S. trade figures would curb speculation that the Hong Kong Government might revalue its dollar against the U.S. currency.

Overseas banks poured money into the Hong Kong dollar earlier this week on rumours that the Hong Kong dollar's peg might be adjusted, despite denials by the government that its currency policy was unchanged.

Mr Jacobs said that while the U.S. posed an immediate protectionist threat, the move toward a single market for the European Community in 1992 was another threat that lurked around the corner.

Despite assurances, there are fears that the EC will become a Fortress Europe by barring trade with non-European partners.

"While there are potential problems involved, we are inclined at this stage to regard the single market as a positive step which will provide new opportunities for our exporters," said a cautiously optimistic Mr Jacobs.

As trade with the U.S. declines, it is growing with China which is now the territory's largest trading partner.

Mr Jacobs tried to dispel fears expressed by councillors last week about government heavy-handedness in regulating the securities markets.

There would be enough checks and balances to ensure the new Securities and Futures Commission had enough power to regulate financial markets without scaring away investors, he said.

A balance would be struck between combating fraud, market abuses and preserving civil liberties and the desire to encourage market growth which would not get out of control, Mr Jacobs said.

Mr Jacobs rejected calls for an independent tribunal to hear appeals under the Banking Ordinance.

On capital adequacy ratios where minimum levels came into effect for banking institutions on September 1, he said no authorised institution had appealed against the assigned ratio.

He dismissed fears that local ratios might be set above international levels and reduce Hong Kong's competitiveness.

"There is as yet no international standard in force, but even if there were and our levels were somewhat higher, I do not think that we should be unduly worried," Mr Jacobs said.

However, he failed to shed new light on the replacement airport. A decision would be made by the end of next year and there would be ample scope for private sector participation, he said.

Inflation was rising—at 7.5 per cent, it is the highest in three years—but Mr Jacobs offered assurances that the problem would right itself with an expected slowdown in the economy. There would be no repeat of the double-digit growth of the past two years. Once the economy cooled, inflation should drop.

More worrying was the prospect of civil service growth outstripping economic growth which ran counter to government philosophy.

He confirmed a SOUTH CHINA MORNING POST report that the civil service would grow by six per cent this year, well above the annual norm.

Another U.S. Textile Bill Possible
HK1811022588 Hong Kong HONGKONG STANDARD (BUSINESS STANDARD) in English 18 Nov 88 p 1

[By Chito Santiago]

[Text] Hong Kong's textile industry is not out of the woods yet—even with last September's defeat of the U.S. textile and apparel bill—as new legislation may yet emerge from the American Congress.

Rep Dan Rostenkowski, chairman of the powerful ways and means committee at the U.S. House of Representatives, yesterday brushed aside a suggestion that a specific textile bill was no longer on the cards since it had already been taken care of by the omnibus trade bill. The bill, inclusive of modifications was signed in August by President Ronald Reagan.

He said he did not believe that the textile dominant regions in the U.S. were going to ignore the fact that they had been unsuccessful on previous occasions.

"It does not necessarily mean that we will not see another textile bill," he said.

He added, however, that many members of the U.S. Congress who had since supported the omnibus trade bill felt that it was behind them and no longer had an obligation to support that legislation.

"But that's forecast, which I personally feel will take place," he pointed out. "I don't know how successful a protectionist textile rifle-shot legislation will be."

The U.S. accounts for over 40 per cent of Hong Kong's domestic exports of apparel and clothing accessories. In the first eight months of this year, shipments amounted to \$18.6 billion, down 10.2 per cent from \$20.7 billion in the same period of 1987.

On the question of currency revaluation, Mr Rostenkowski said he did not see any active legislation nor the U.S. Administration taking any ruling in that direction.

Mr Rostenkowski, a Democrat from Illinois, is leading a group of U.S. congressmen who are here to assess the impact of the recent American trade legislation and to exchange views with government officials.

The team arrived in Hong Kong after visiting South Korea and Taiwan.

"Tariffs are coming down," he said. "Investment and services barriers are being reduced."

He warned, though, that more needed to be done. "I want our trading partners to understand that the U.S. Congress will continue to push in areas, such as agriculture, intellectual property and investment."

He said that if they were to keep the protectionists from prevailing in the U.S. it was crucial that the rapidly expanding economies of Asian continued on the bold course their governments he set.

He praised Hong Kong for its open market policy. "Hong Kong gives testimony to the success of open markets. I hope that over the next few years, the community of nations around the Pacific Basin will follow that example with enthusiasm."

Basic Law Subcommittees Sessions Begin 16 Nov
OW1811010988 Beijing XINHUA in English 1034 GMT 16 Nov 88

[Text] Guangzhou, November 16 (XINHUA)—Five subcommittees of the Hong Kong Basic Law Drafting Committee began their two-week meeting here today to discuss the first draft of the basic law.

These subcommittees deal respectively with the relationship between the central government and the future Hong Kong Special Administrative Region (SAR), the

region's political structure, Hong Kong residents' basic rights and obligations, economic affairs as well as science, education and culture in Hong Kong.

The selection committee of the SAR flag and emblem also began its meeting today.

Opinions for revising the first draft have been solicited extensively in the mainland and Hong Kong since it was published in late April.

Drafters May Skip Details for SAR
HK1611024188 Hong Kong SOUTH CHINA
MORNING POST in English 16 Nov 88 p 2

[By Chris Yeung in Guangzhou and Stanley Leung]

[Text] The Basic Law Drafting Committee may leave out details of the formation of the first Special Administrative Region (SAR) government from the Basic Law, senior Chinese officials said yesterday.

Speaking on their arrival in Guangzhou for a BLDC (Basic Law Drafting Committee) meeting sub-group meeting today, the deputy director of the State Council's Hong Kong and Macao Affairs Office, Mr Li Hou, and the Chinese leader of the Sino-British Joint Liaison Group, Mr Ke Zaishuo, said the details could be handled separately.

One option is to have them as a separate resolution to be passed by the Chinese National People's Congress and coincide with the promulgation of the Basic Law in 1990.

This was the first time Chinese officials have moved to dispel fears that Basic Law discussions might be preempted following talks between the Governor Sir David Wilson and Chinese leaders in Beijing two weeks ago.

Sir David is believed to have sought Chinese support for a proposal where legislators elected in 1995 would continue to sit in the first SAR legislature until 1999.

Out of respect for Chinese sovereignty, they would swear an oath of allegiance to China on July 1, 1997.

This latest development is seen as a means of allowing the British and Chinese Governments to work out a plan for a smooth transfer of sovereignty before 1997.

It would also overcome the problem of asking the Basic Law to provide for the establishment of a transitional government before 1997 as the constitutional document is not supposed to take effect until 1997.

Mr Li and Mr Ke, along with vice foreign minister Mr Zhou Nan and other Basic Law drafters are now in Guangzhou for meetings of two BLDC sub-groups on the relationship between China and the SAR, which begins today, and on the SAR's political structure, which will be held later this week.

Last night, Mr Li and Mr Zhou both stressed that China and Britain had not reached any agreement over the details of forming the first SAR government except on two broad principles.

Asked if both sides agreed members elected to the Legislative Council in 1995 under the supervision of China can continue to serve until 1999, Mr Li said: "We have not gone into such details.

"We have only shared the two principles of sovereignty and a smooth transition. Both sides will further discuss details of implementing the two principles. The drafting body will also have to study the details."

He said the political sub-group would have to decide on the final proposal on the formation of the chief executive and the legislature.

Although rival political groups in Hong Kong recently failed to agree on the methods to select the SAR's chief executive and legislators, Mr Li said they had made progress in reaching a number of broad principles.

He said: "I'm not disappointed. We will seek the views of local drafters first on what people think about the future political system. We have no plan to propose a compromise model."

Meanwhile, Mr Ke ruled out British involvement in the election of the first chief executive. He stressed the importance of having the election of the first chief executive overseen by Beijing.

"Even if the election is held before 1997, it should be the responsibility of Beijing."

A liberal drafter and member of the political sub-group, Mr Martin Lee Chuming, said he doubted whether the meeting in Guangzhou would satisfy rival liberal and conservative business lobbies.

Although he expected the liberal model to be thrown out, he said the battle for democracy would continue.

"There is no deadline on the discussions. Changes are still possible before the promulgation of the Basic Law and even after 1997."

Although his group wants at least 50 percent of the legislature to be returned by direct election, he said he would consider other models.

Courts To Receive Greater Power
*HK1811010788 Hong Kong SOUTH CHINA
MORNING POST in English 18 Nov pp 1, 7*

[By Chris Yeung in Guangzhou]

[Text] In a major breakthrough, Basic Law drafters have agreed to give greater powers to Hong Kong courts to interpret the mini-constitution after 1997.

Although the Standing Committee of the Chinese National People's Congress (NPC) has the final say on interpreting the Basic Law, drafters have agreed that the post-1997 courts should be given wider powers.

The proposal, which was unanimously accepted by the central-Hong Kong relationship sub-group, is based on an earlier proposal submitted by nine professional groups to Beijing during a visit last month.

Under the amendment, the NPC Standing Committee should delegate power to the Hong Kong courts to interpret provisions that fall within the scope of the Special Administrative Region's (SAR) high degree of autonomy.

It means the NPC will not be allowed to interfere with SAR courts except in matters relating to defence and foreign affairs.

It would also give SAR courts the power to interpret provisions concerning affairs relating to the central people's government. But the SAR will have to seek prior advice of the NPC Standing Committee.

Basic Law drafters have also agreed to make major amendments to three of the 172 articles in the draft document, which were mainly based on a 32-page summary of Hong Kong views compiled by the Basic Law Drafting Committee (BLDC) Secretariat.

The three amendments include listing all Chinese national laws applicable to Hong Kong after 1997 in a separate annex, the tightening up of a clause on subversion and the jurisdiction of the courts.

The changes were agreed during the second day of a meeting between Hong Kong and mainland members of the sub-group looking into the relationship between the central people's government and the post-1997 Hong Kong Government.

The most significant change involves Article 17 which deals with the application of Chinese national laws to Hong Kong after 1997.

It has been feared China could issue directives to the SAR indiscriminately, which would limit its high degree of autonomy as promised in the Sino-British Joint Declaration.

Drafters have agreed that seven Chinese laws will apply to Hong Kong after 1997 and these will be contained in an annex.

The seven laws include those pertaining to diplomatic privileges and immunity, national flag and emblem, Beijing as the national capital, calendar and national song, national day, boundary issues and the electoral laws of the National People's Congress and provincial NPC and nationality laws.

Drafters have agreed Beijing will not be allowed to impose any other national laws on Hong Kong after 1997.

Any wish to do so must first be approved by the SAR legislature after consultation with the National People's Congress.

China will only be allowed to invoke other relevant laws during a national emergency such as in the event of war.

Agreement has also been reached on amending a clause in Article 18 involving the jurisdiction of the Hong Kong courts.

Article 18 vests the SAR with independent judicial power, including that of final adjudication.

Paragraph three of Article 18 reads: "Courts of the Hong Kong Special Administrative Region [HKSAR] shall have no jurisdiction over cases relating to the defence and foreign affairs, which are the responsibility of the central people's government, and cases relating to the executive acts of the central people's government."

This has now been amended to read: "Courts of the Hong Kong Special Administrative Region shall have no jurisdiction over cases relating to acts of state. Courts of the HKSAR shall seek a statement issued by the chief executive whenever questions concerning facts of state arise in any legal proceeding. The above mentioned statement shall be binding on the courts."

Under the terms of the Joint Declaration, matters relating to defence and foreign affairs are beyond the jurisdiction of the SAR administration.

Article 22 will be amended to make the section relating to subversion more specific. Under the new clause the SAR legislature must enact laws prohibiting treason, secession, incitement to sedition and unauthorized access to national secrets.

This is in line with local wishes where the original clause did not define sufficiently acts that might undermine national unity or subvert the central people's government.

The secretary-general of the drafting committee, Mr Li Hou, said the heavy amendments were made to dispel local fears that Beijing wants to meddle with local affairs.

"The original provisions in the first draft were never intended to allow Beijing to interfere," Mr Li said. "We hope the amendments can help clear the anxieties."

Drafter Proposes Three-Phase Political System
HK1811012188 Hong Kong SOUTH CHINA
MORNING POST in English 18 Nov 88 p 7

[By Chris Yeung in Guangzhou and Stanley Leung]

[Text] Influential Basic Law drafter Lous Cha in a compromise proposal for the post-1997 political system said the future chief executive should be elected by a grand electoral college for at least three decades after 1997.

He proposed that a one man, one vote system to select the chief executive should begin from 2027—the office's seventh term—and only if it was supported by the majority of Hong Kong people in a referendum.

And if the public decided against the idea, then universal suffrage would not be introduced until 2041.

The proposal criticised by democrats as "extremely conservative", was sent to members of the political sub-group of the Basic Law Drafting Committee yesterday. It will be table for discussion at a meeting tomorrow.

Under the compromises package, a timetable has been drawn up to outline the steps of introducing direct elections in selecting the chief executive and legislators in Hong Kong after 1997.

Mr Cha's proposal talked of three phases each lasting 15 years.

The first one between 1997 and 2012, would have the chief executive elected by a grand electoral college with a composition similar to the 600-member body proposed by the Group of 88 businessmen and professionals.

Only a quarter of the electoral body would be taken up by elected members from the district boards, municipal councils and legislature.

During the same period, a quarter of the legislature would be selected by direct elections. Others would be filled by indirect elections such as through functional groups.

He proposed a referendum be held at the end of the first phase to determine if a more democratic grand electoral college should be introduced to elect the second chief executive, and if the number of elected members from the councils should be increased from one-quarter to a half.

Similarly, another referendum would be held in 2027 at the end of phase two to decide if universal suffrage should be introduced for both the chief executive and the whole legislature.

In any event universal suffrage would automatically be introduced in 2041 at the end of the third phase.

Meanwhile, the pressure group, Hong Kong Observers, has called for a referendum now to find out the best formula for Hong Kong's post-1997 political system.

And spokesman for the group, journalist Frank Ching, has challenged whether the leading political groups have the right to negotiate on behalf of Hong Kong people.

He described recent attempts to reach a compromise between the camps, including Mr Cha, the Group of 190 liberals, the Group of 88, the Group of 38 educationists and the pro-Beijing Hong Kong Federation of Trade Unions, as unhealthy.

"The outcome of such discussions cannot possibly bind the Hong Kong people," he said.

Mr Ching also attributed Hong Kong people's indifference in the five-month consultation exercise to problems of the Basic Law Consultative Committee itself.

During the consultation period, fewer than 2,000 submissions were received from individual members of the public.

Beijing Said Making Concessions on Basic Law
HK1711023988 Hong Kong HONGKONG STANDARD
in English 17 Nov 88 p 1

[By Ma Miu-wah in Guangzhou]

[Text] China has made major concessions to the post-1997 legislature by agreeing in principle to Basic Law draft amendments.

The three amendments are that national laws be placed in a separate annex attached to the Basic Law text; the deletion of a clause enabling the State Council to dictate national laws to the SAR (Special Administrative Region); and scrapping the power of the Standing Committee of the National People's Congress to revoke laws enacted by the SAR.

The effect of putting national laws in an annex would limit the ability of the NPC to tamper with them, Mr Shao Tianren, mainland convenor of the Basic Law Drafting Committee sub-group said in Guangzhou last night.

The concessions, if approved by the full Plenary Session in January, would give the post-1997 lawmaking body a higher degree of independence than previously envisaged.

They are seen as a bid to dispel worries the central authorities might infringe with impunity on the independence of the SAR legislature.

It is now stipulated that national laws relating to defence, foreign affairs, and other laws giving expression to national unity and territorial integrity can be applied in the SAR.

Mr Shao said only seven national laws would be applicable to the SAR.

These include the Nationality Law, the electoral law for NPC delegates, diplomatic privileges and immunities, the national emblem, anthem and flag.

"The amendments were made to enable the future legislature to enjoy a high degree of autonomy," Dr Rayson Huang Li-sung, Hong Kong convenor of the sub-group said after the meeting.

But he said the group had failed to agree on how the Basic Law should be interpreted, despite having spent most of the day on the issue.

Another group member, Miss Liu Yiu-chu said the groups had been divided.

One supported the Standing Committee of the NPC authorising the SAR courts to interpret the Basic Law.

The other sought to give the SAR courts the right when adjudicating cases.

Miss Liu said the group had, therefore, decided to employ less ambiguous terms in relation to the interpretation of the Basic Law.

She felt progress had been made on the first day of the sub-group meeting while others described the changes as "cosmetic."

Mr Martin Lee Chu-ming said the changes agreed by China were a mere "facelift."

As long as the core issues of interpretation remained unresolved, all other improvements could only be considered peripheral, he said.

He was echoed in Hong Kong by Dr Albert Chan Hung-ye, senior lecturer in law at the University of Hong Kong, who did not regard the amendments as concessions made by the Chinese.

He said it would be better if the role of the law-making body and the source of law could be specified clause by clause.

Dr China did not think the proposed revisions would prevent the SAR government coming under the direct influence of Beijing.

He pointed out that the clause was originally meant for use only in emergencies, and its removal would have no significant effect on the post-1997 legislature.

Dr Chan was referring specifically to Article 17 in the draft, which stipulates that the State Council would be empowered to dictate national laws to the SAR.

Without the clause, the central government could still be able to influence the SAR through the chief executive, who would be appointed by Beijing, he said.

Welcoming the news was Mr Man Sai-cheong, vice-president of the Hong Kong Affairs Society.

"It represents progress in the pursuit of autonomy and independence for the Hong Kong SAR," he said.

He said the cancellation of the clause represented a concession on the part of Beijing after Hong Kong views had been expressed.

It meant the central authorities were taking note of objections raised by the people of Hong Kong and stating their confidence in the post-1997 government, he said.

"In effect, the concessions made will not undermine China's sovereignty over Hong Kong, but will benefit the people of the territory," Mr Man said.

He said the decision would have the effect of reducing the influence of the central authorities over the SAR legislature.

Mr Man expressed the hope that the same spirit of concession would apply to the work still to be done on the interpretation of the Basic Law.

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